

**Five Sources**  
**of Hope in**  
**South Asia**

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# *Five Sources of Hope in South Asia*

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**T**o build a fairer world that would leave no one behind; that would foster equality of opportunity irrespective of gender, income, religion or ethnicity; that would create jobs and protect the environment; and that would promote economic growth with better income distribution and poverty reduction is a challenge that policy-makers in any country in this new century can ill afford to ignore. But in South Asia today, this is an achievable goal. There now exists in this region adequate knowledge, information, technology and institutions to make it possible for South Asian countries to achieve the goal of a fairer world. In this essay, I would argue that South Asia as a region shows hope in many areas that have the potential to push the region toward a better future for its millions of citizens.

I am going to focus on five areas where the region has made some progress in recent years and from which we can draw some signs of hope. These are:

1. Economic growth and poverty reduction
2. Progress in human development
3. Reduction in gender inequality
4. Decentralization of governance and
5. Strengthened role of civil society

## **Economic growth and poverty reduction**

During the last half century, there has been significant economic growth in South Asia. Gross domestic product (GDP) per capita has almost tripled since 1960. All three major sectors—agriculture, industry and service—have witnessed reasonable growth rates over the last 30-35 years. In particular, the service sector has expanded greatly; in India, Pakistan, Sri Lanka and Bangladesh, it now contributes over 45 per cent of GDP. There has also been significant structural transformation. The contribution of agriculture to GDP has decreased steadily over time. At the same time, the industrial and service sectors have become more important contributors to the economy. The trend toward increasing industrialization has been largely responsible for improved growth rates and has been matched by an increase in employment opportunities. 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.

Significant productivity gains accompanied these structural transformations. Across the board, there have been improvements in output per worker, including in agriculture. In Pakistan, for example, during 1995-97, the agricultural value added per worker in constant 1995 US dollars was \$585, compared to \$392 in 1979-81.<sup>1</sup> This is still low compared to Sri Lanka where, in 1995-97, agricultural value-added per worker

was \$732. Industrial value-added per worker also increased significantly, particularly in Sri Lanka and India. From 1980 to 1994, the net increase was 65.5 per cent and 48 per cent, respectively.<sup>2</sup> These gains are also reflected in the region's increasing shares in certain world markets.

South Asia is one of the world's largest textile exporters and is able to compete in the world market with most other players. In addition, it is diversifying rapidly into markets such as computer software. Bangalore, for example, is one of the world's largest software production centres. These markets and others like them are driven by new and innovative entrepreneurial initiatives. However, just as critical have been the expanding middle classes that create the appropriate consumer market for these new sectors to emerge. This is perhaps the largest single positive impact of South Asia's economic development in recent years. In India, the middle class is estimated to be about 200 million people, and while it is considerably smaller in other countries, the potential for its expansion and parallel growth is enormous.

But economic growth, though necessary, is not a sufficient condition for poverty reduction. There has to be a conscious public policy to link growth to poverty reduction. Although all South Asian countries have been implementing numerous poverty alleviation programs over the years, it is only recently that, with the support of the international financial institutions (IFIs), a targeted approach to link economic growth with poverty reduction is being developed and implemented in most of these countries. This conscious linkage of economic growth to poverty reduction is a sign of hope for South Asia.

The magnitude of poverty in South Asia is staggering. The region is home to some 500 million people who earn less than US\$1 a day. Although South Asia accounts for about 23 per cent of the world's population, its share of the world's poor people is about 40 per cent. Through the mid-1970s and the 1980s, South Asia saw a remarkable reduction in poverty. But the last decade witnessed either a reversal of this trend or a slowdown in poverty reduction in all countries.

If poverty is defined broadly to include lack of education, health and adequate income to meet the basic necessities of life, then the proportion of people in poverty in South Asia increases. During the last few years, most South Asian countries have been addressing the multiple dimensions of poverty. The recent focus of South Asian countries on improving the efficiency and effectiveness of ongoing poverty alleviation programs and also in broadening the coverage of programs to include access to education, health, clean drinking water and nutrition programs, especially for school children, leads one to hope that within the next decade South Asia should be able to reduce its poverty level by half.

The ongoing poverty alleviation programs in South Asia have diverse reach and outcomes. All countries have targeted transfers of income and food subsidies, 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 its national policy agenda. The effectiveness of national policy has been further facilitated by the favourable economic conditions of the 1990s. From 1994-99, India's growth rate has been higher than in any previous phase in its history. Consequently, the headcount ratio of poverty is declining nationally and in urban areas, although rural poverty seems to be stagnating in recent years. To spread the benefits of higher growth more evenly, Indian policy-makers have concentrated on rural areas, providing food security to the poor through the Public Distribution System (PDS)—supplying 18.4 million tonnes of food-grain in 1990-92 alone. Other substantial efforts are apparent in self-employment and wage employment programs concentrated in rural areas, such as the Integrated Rural Development Program, Development of Women and Children in Rural Areas and Jawahar Rozgar Yojana.

On the other hand, the rising poverty level in Pakistan during the 1990s is due partly to the slowdown of the economy and partly to the government's inability to translate the economic growth of the

1980s into a better life for the poor. Successive governments have played a marginal role in transferring income and opportunities to the needy. Currently, only 0.22 per cent of GDP is transferred to the poor as *Zakat*<sup>3</sup> less than three per cent is spent on education and a meagre one per cent on health services. There are, however, positive initiatives underway that are aimed at advancing human development and reducing poverty. Micro-credit schemes such as Pakistan's Poverty Alleviation Fund and Khushali Bank have been established to complement the several ongoing programs of food subsidy and income transfers to both rural and urban poor.

Bangladesh and Nepal's relative failure to reduce poverty can be attributed to low per capita growth rates. Bangladesh has taken considerable measures to address poverty through building a larger human capital base. The total allocation to social sector development in 1998-99 is 18 per cent of total government expenditures. Coupled with this is a wide network of non-governmental organizations (NGOs). The provision of micro-credit by the Grameen Bank, other NGOs and governmental organizations benefited almost ten million people in 1998. But the geographical location and climatic conditions in Bangladesh, which have contributed to floods in 1987, 1988, and 1998, as well as the 1991 cyclone, have continually disrupted the fight against poverty.

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 the development of the social sector and building human capital through education, health and other social services. In Sri Lanka, strict targeting has ensured better coverage in terms of quality and quantity of benefits provided. In 1997 an estimated six million people were covered under the Direct Poverty Alleviation Program. All this has been possible because the government has had the political will to reduce poverty and human deprivation. Undoubtedly,

Sri Lanka would have made more impressive progress on the poverty front had it not suffered from civil conflict.

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The lesson that one can draw from South Asia's poverty reduction efforts is that the evidence indicates 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. These two elements are mutually reinforcing and should be implemented simultaneously. If that is not done, either the poor will remain ill-equipped to have access to economic opportunities or there will be little economic impetus to raise the incomes of the poor. Therefore, to ensure sustainable efforts at reducing poverty through people-centred economic growth, human development must be considered as much as growth within macroeconomic policy objectives.

## Progress in human development

Economic progress in the region has been complemented by healthy progress in social indicators. Indeed, there have been startling improvements in certain areas: between 1960 and 1997, life expectancy has increased from a minimum of 11 years in Sri Lanka to a maximum of 24 years in Bhutan, with the average increasing from 44 years to 63 years. Similarly, adult literacy rates have increased dramatically—by as much as 25 per cent in Nepal—between 1970 and 1997. The region's average literacy rate has increased from 32 per cent to 51 per cent. These improvements reflect great enhancements in the quality of life for the majority of South Asians. Indeed, the magnitude of these changes is only slightly less impressive than how quickly they have come about. No single era of South Asian history

has been witness to such rapid advances in health, education, nutrition and human development in general.

As always, when discussing human development in the region, Sri Lanka and the Maldives stand out due to their impressive initiatives in the social sectors. Particularly impressive is the extent to which education has been prioritized in these two countries. With over 90 per cent of adults literate, these countries have achieved one of the primary prerequisites to long-term and pervasive economic and human development. The other countries in the region, while still far from having adequate education facilities and attainment levels, have managed to make substantial headway in reducing illiteracy. The larger number of people who are educated in the region promise that the emphasis on education will continue to grow over time.

Health status in South Asia has also improved across the board. A person born in South Asia can now expect to live almost twice as long as someone born 50 years ago. Once again, the example of Sri Lanka offers a great example of appropriate people-centred policies: life expectancy in Sri Lanka at 62 years in 1960 was approximately what India's life expectancy was in 1998. Sri Lankans can now expect to live for 73 years—only four years less on average than those living in the industrial world.

Access to basic preventive health care has also resulted in dramatically reducing mortality rates. Child immunization against preventable diseases is not quite universal across the region yet, but great gains have been made. In 1980, the South Asian average for one-year olds that had been fully immunized against tuberculosis and measles was 13 per cent and one per cent, respectively, and in 1997-98 these figures were 79 per cent and 57 per cent. Infant mortality rates have dropped by 65 per cent in Nepal and 51 per cent in India. In 1998, all South Asian countries had succeeded in reducing infant mortality rates to below 100 per 1,000 live births, compared to 1960 when only Sri Lanka at 90, had such a rate. The following paragraph summarizes some of the impressive strides that South Asia has made in advancing human development.

The key human development indicators<sup>4</sup> of the region at the end of the 1990s are given below with the caveat that these are South Asian regional averages that hide the tremendous differences between countries:

- Population growth rate has declined to 1.8 per cent
- Life expectancy has risen to 63 years
- Adult literacy rate is 73 per cent, with Sri Lanka and the Maldives having literacy rates of over 90 per cent and Pakistan and Bangladesh of about 40 per cent
- Female literacy rate is 65 per cent
- Gross primary school enrolment rate is over 100 per cent, with only Pakistan scoring about 80 per cent
- Infant mortality rate is 60 per 1,000 live births
- South Asia's Human Development Indicator (HDI) in 1998 was 0.642 and its Gender Development Indicator (GDI) was 0.634, both highly influenced by the strong indicators of Sri Lanka and the Maldives.

The dramatic improvements made by South Asian countries are the result of policies directed toward achieving human development goals. As is evidenced by the facts, there has been a much stronger commitment in some countries than in others. It is also the case that many of the basic policies have been put into place in all countries. For example, primary education and basic immunization are two of the most straightforward and important ways of enhancing education and health outcomes among the majority of people. It is, therefore, important to recognize that some inroads have been made in these areas because of appropriate people-centred policies.

### **Reduction of gender inequality**

The Fourth World Conference on Women in Beijing in 1995 signified a turning point in the global struggle for women's rights. Through bringing all previous

agreements into a comprehensive document and attaching specific and measurable policy goals, the Beijing Platform for Action became the definitive international agreement regarding the status of women. At the Conference, each country committed itself to developing a national plan of action. In 1999 at a South Asia regional meeting held in Kathmandu, poverty, violence and political participation were identified as the priority issues of concern for South Asia. Five years after the Beijing Conference, South Asian countries, as well as the rest of the world, made assessments of the progress made toward empowering women. South Asia showed significant improvement in policy and program initiatives. Across South Asia, plans and national machinery have been established 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 an increasing number of micro-finance, income-generation and self-employment programs, specifically targeting poor women. Reservation of seats for women in local government elections has increased the number of women in local governance structures. Education and health indicators for girls and women have improved as well.

A broad-based political commitment to put gender concerns at the centre of political and economic decision-making has yet to happen, but the signs are there for hope as the social indicators of gender disparity have started to move in the right direction. The South Asian average of adult female literacy rate, as a percentage of the male rate, has gone up from 40 per cent in 1970 to 63 per cent in 1998. The combined enrolment rate of girls at all three levels—primary, secondary and tertiary—is 63 per cent of the male rate. Female life expectancy is now 102 per cent of the male rate. (These are South Asian averages. There are significant differences between countries and within each country). However, women's share in the economic and political spheres, including in decision-making positions, is still very limited. So where is the hope?

Hope lies in the success of the awareness-raising that has taken place in the region and that has built a huge constituency for women in South Asia as well as

around the world. Recent developments in Pakistan are a case in point. "Gender mainstreaming of public policy is a high priority for meeting Pakistan's human and social development needs,"<sup>5</sup> states a government document. This statement has gone beyond rhetoric to actions:

- After years of demands by women's rights groups, for the first time a Permanent Commission on the Status of Women has been established in Pakistan, with a activist woman lawyer as its chairperson, to review all policies, strategies, actions and institutional arrangements as regards their impact on women, and suggest policies to redress the existing discriminatory system.
- Several institutional arrangements have been made, in the public as well as NGO sector, to ensure better participation of women in economic activities. Through First Women Bank, Khushali Bank as well as the Aga Khan Rural Support Programme (AKRSP), micro-credit is being provided to poor and middle-class women to earn income through self-employment.
- Political participation of women is being enhanced through the reservation of 33 per cent of electoral seats for women at all levels, from local bodies to provincial and national assemblies. Already 12,700 women have been elected as councillors during the first two phases of elections at the district level.
- Enrolment of girls at all levels is increasing at a higher rate than that for boys.

## Decentralization of governance

The political history of South Asia in the post-independence era has been a turbulent one. But over the last 52 years South Asia has made strides toward stability and peace. Most South Asians are now citizens of democratic states. There has been increased decentralization of political power. These are important steps forward for a region characterized by diversity of religion, ethnicity, class, caste and language.

Currently, South Asia can boast two long-standing democracies—including the world's largest—and one

recently established democracy. Between the other countries, there is a constitutional monarchy, a traditional monarchy and an interim military government, which has pledged to restore the democratic process in due course.

India, Pakistan and Bangladesh comprise over 95 per cent of South Asia’s total population. This large majority of South Asians was given the opportunity to establish representative political systems only from 1947 onwards, following the end of British rule. It is therefore worth noting, that both Bangladesh and India are now democratically ruled, and Pakistan, having recently reverted to military rule after 11 years of elected governments, is heading back toward democracy through the process of local elections. India and Sri Lanka have never had any form of government that was not democratically elected.

All South Asian countries have been witness to a growth of institutions of governance that 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. However, the main threat to the efficient working of these institutions is the pervasive inequalities that persist in South Asian societies, manifested through powerful elite groups which often use these institutions to serve their personal interests. But the great importance of these fledgling local level institutions of governance should not be understated—they are the critical link between the power structure and citizens. However, indicators of progress of decentralized governance are considerably different across different parts of each country. For example, the *panchayat* system has been operational and successful in Karnataka and West Bengal, while relatively weak in other states of India.

In Pakistan, for example, 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. 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 as proposed, and being implemented slowly, will distribute financial resources to local governments through fiscal transfers and some specified taxation powers, involve people in community development, in designing programs and in monitoring the functioning of government.

The compact between the state, civil society and the private sector which underpins effective governance is weak in the region. However, there are signs that many important coalitions are being formed. In addition, established civil society initiatives are being strengthened significantly. The fact that there is institutional progress at all levels indicates that an ethic is developing— however slowly—to ensure that the democratic process permeates society, not only in the form of federal level elections, but at the local and provincial levels too. In this regard, other important steps made toward progressive political set-ups in the region include the fact that there have been increasing opportunities for women and under-represented minorities.

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### Strengthened role of civil society

Another vital element for hope in the region is the increasing role, power and acceptability of civil society organizations (CSOs) 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 are AKRSP in Pakistan, the Bangladesh Rural Advancement Committee (BRAC), the Self-Employed Women’s Association (SEWA) in India and the Sarvodaya Sharamadana Movement (SSM) in Sri Lanka. The success of these public-interest groups has been due to their ability to organize people at the local level and thereby fill the

institutional vacuum that has become apparent over the years. In many ways, for there to be a representative political system, traditional decision-making institutions at the local level need to be revitalized in the shape of more democratic and egalitarian structures. This has been done in India in the *panchayat* system. Civil society initiatives have been instrumental in helping this transformation come about. The result has been the formation of many supra-village level groups often called community-based organizations that are able to effectively act as independent bodies advocating for the needs and rights of common people.

CSOs have been much more successful in mobilizing people and creating local level institutions in the North West Frontier Province and North and Central Punjab than in Southern Punjab and interior Sindh in Pakistan. This is because the social, cultural and economic barriers to such initiatives are much more powerful in the latter areas—these areas are commonly associated with the persistence of the traditional feudal system characterized by a few large landholding estates and masses of small-holder farmers and landless peasants. In any case, the prospects for continuing progress are good, so long as the successful efforts are acknowledged and continue to be used as benchmarks for other initiatives. The spread of these types of institutions promise real development through a healthy and free political system.

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 programs of action. Most of these groups, having 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. 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 women's rights and to enact gender-sensitized labour legislation.

Accelerated progress in these five areas—economic growth and poverty reduction, progress in human development through access to better education and health facilities, reducing gender inequality in capability and opportunity, decentralization of governance, and strengthening civil society—will build a fairer world for over 1.3 billion South Asians. The ongoing process of globalization in South Asia, particularly in India, is already bringing the fruits of an integrated world market to India's educated and trained middle class. But this kind of economic growth will only be sustainable when the progress in these five areas is maintained and accelerated.

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## Notes

- 1 World Bank, *World Development Indicators*, 1999, Washington, DC
- 2 World Bank, *Ibid.*, 1999.
- 3 The 4th pillar of Islam: Charity (Zakat), which is the poor-due on the wealth of the rich
- 4 Mahbub ul Haq Human Development Centre, *Human Development in South Asia*, 2001, Oxford University Press, Karachi (forthcoming).
- 5 Government of Pakistan, Planning commission "Three Year Poverty Reduction Programme, 2001-2001".