ROAD MAP TOWARDS A POVERTY FREE SOUTH ASIA

Report of the
INDEPENDENT SOUTH ASIAN COMMISSION
ON POVERTY ALLEVIATION

SAARC

OUR FUTURE OUR RESPONSIBILITY



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Report of the
Independent South Asian Commission
on Poverty Alleviation

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Road Map Towards a Poverty Free South Asia

SAARC

POV
362.5
REP

SAARC 2003

MFN 7381

Planning & Execution : Khondoker Shakhawat Ali, PPRC
Cover design : Selim Ahmed, Form
Typesetting & Printing : Form International
Production : PPRC & Form International

US$ 5.00

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Preface

At the Eleventh Summit in Kathmandu in 2002, the Heads of State or Government of the South Asian Association for Regional Cooperation (SAARC) expressed their serious concern over the extent and depth of poverty that affects their countries. It is estimated that over 500 million people in the region are poverty stricken. Although South Asia accounts for 23% of the world's population, it houses 40% of the world's poor. In absolute terms, the number of poor people in South Asia exceeds the poor of Sub-Saharan Africa, the Arab States, Latin America and the Caribbean taken together. The Human Development Index (HDI) also rates South Asia lower than all regions other than Sub-Saharan Africa. Poverty in the region is like a disease which not only creates vulnerability, dependence and helplessness but also deprive our societies of the productive energies of a substantial segment of the population often contributing to instability and social unrest.

The Member Countries of SAARC have remained particularly conscious of the problem caused by widespread incidence of poverty. Successive SAARC Summits have demonstrated the strong resolve of the Leaders to eradicate poverty from the region. In this pursuit, the Colombo Summit in 1991 decided to establish an Independent South Asian Commission on Poverty Alleviation (ISACPA) to conduct an in-depth study of diverse experiences of the seven countries in poverty alleviation and report to the Seventh Summit in Dhaka. The Commission in its report emphasized on the role of the poor as pro-active agents of economic and social change in the overall national efforts in the areas of economic growth, human development and equity. It also emphasized on social mobilization as an effective strategy to empower the poor leading to poverty alleviation.

Acknowledging the fact that widespread and debilitating poverty continued to be the most formidable development challenge for the region, the Leaders at the last Kathmandu Summit expressed their firm resolve to combat the problem of poverty with a new sense of urgency and decided to reconstitute the Independent South Asian Commission on Poverty Alleviation, with Nepal as its Convenor and Bangladesh as Co-Convenor. The Leaders wanted the reconstituted ISACPA to review the progress made in cooperation on poverty alleviation and to suggest appropriate and effective measures for future action.

Soon after the nominations were finalized, the first meeting of the reconstituted ISACPA was held on 30-31 March 2002 in Kathmandu under the Chairmanship of its Convenor H. E. Mr. Krishna Prasad Bhattarai, former Prime Minister of Nepal. Since then, the reconstituted Commission held four more meetings under the Chairmanship of the Co-Convenor, Dr. Kamal Uddin Siddiqui, Principal Secretary to the Prime Minister of Bangladesh: in New Delhi (5-6 June 2002), Islamabad (28-29 September 2002), Dhaka (16-18 November 2002) and the SAARC Secretariat (20 December 2002) to finalize its Report. The distinguished members of the Commission during their meetings in India, Pakistan and Bangladesh also undertook field trips to get first hand experience about various efforts and initiative in these countries in the field of poverty alleviation. These field visits greatly contributed to the evolution of the Report and in the formulation of many of its recommendations.

The first Meeting of the Commission decided to do away with the establishment of a separate Secretariat as was established for the earlier Commission. Instead the SAARC Secretariat was requested to undertake

this task and since then has been facilitating the work of the Commission and co-ordinate all its meetings. In fact, we at the Secretariat considered it a great privilege to be directly associated with the valuable work of the Commission. I am particularly grateful to the Convenor, Co-Convenor and all the distinguished members of ISACPA for reposing their trust and confidence in me during the last one year. In my endeavour to facilitate the work of the Commission, I remain greatly indebted to the distinguished members of the Standing Committee for their continued support and understanding. The offices of the Foreign Secretaries were instrumental in facilitating the travel and other arrangements for the Commissioners. I will be remiss if I do not mention the contribution of the consultants who worked for the Commissioners at various stages of their work.

The arduous task of finalizing the report and ensure coherence and quality fell to a core group constituted from amongst the Commissioners at their Islamabad meeting. With Dr. Hossain Zillur Rahman from Bangladesh as the drafting co-ordinator, the core group included Dr. Saman Kelegama from Sri Lanka and Dr. Bishwambher Pyakural from Nepal as well as the distinguished Co-Convenor Dr. Kamaluddin Siddiqui. I must record my deepest appreciation of the efforts put in by the Drafting Co-ordinator and other members of the core group.

The Council of Ministers in its Twenty-third Session held in Kathmandu in August 2002 gave further impetus to the struggle against poverty by recognizing poverty alleviation as the over-arching goal of SAARC for which they envisioned that a concerted, sustained and collective action would be required. Given the extent and severity of poverty prevalent in the region, this was indeed a timely declaration of our collective resolve. We at the Secretariat accordingly adapted to this new vision in terms of formulating and executing all SAARC activities. A very relevant work on poverty alleviation, namely the preparation of a Regional Poverty Profile (RPP), is expected to form the basis for future action and policy decision in the field of poverty alleviation in the region.

The Commission's Report "Our Future Our Responsibility" is more than just a document of good intent and lofty recommendations. This can very well be translated into an implementable plan of action, which can be pursued by all the Member States in a time-bound fashion. The best practices reported in the document provide a rich selection of homegrown success stories many of which can be replicated across the region. The staggering extent and severity of poverty remain to be a scourge for the entire region. Unless we face this reality and decide to tackle it head on all our development efforts will continue to be thwarted. In the coming months, we should all strive hard to mobilize all our energy and resources to meaningfully translate the recommendations into concrete actions, which will have a direct bearing on the lives of the millions of poor people of the region. We also wish that the distinguished members of the Commission would continue to work for the upliftment of the lives of the poor throughout the region. Their future engagement through advocacy, monitoring and evaluation work can greatly benefit SAARC regional cooperative mechanisms in poverty alleviation.

Sd/
(Q.A.M.A. Rahim)
Secretary-General

MEMBERS OF THE RECONSTITUTED ISACPA

BANGLADESH

Dr. Kamal Uddin Siddiqui, (Co-Convenor)
Principal Secretary to Hon'ble Prime Minister
Prime Minister's Officer
Old Sanshad Bhaban, Tejgaon, Dhaka-1215.

Dr. Hossain Zillur Rahman
Executive Chairman
Power and Participation Research Centre (PPRC)
House 79 (Third Floor), Road 12A
Dhanmondi R/A, Dhaka-1209.

BHUTAN

Mr. Daw Tenzin
Secretary, Planning Commission
P.O. Box 127, Gyalyong Tshokhang, Thimphu.

Dr. Pema Gyamtsho
Member, (up to May 2002)
Planning Commision and Head
Policy and Planning Division
Ministry of Agriculture, Thimphu.

INDIA

Dr. Prodipto Ghosh
Additional Secretary
Prime Minister's Office, South Block, New Delhi-11

Ms. Ela R. Bhatt
Founder
Self Employed Women's Association
Sewa Reception Centre
Opp. Victoria Garden, Bhadra, Ahmedabad-3880001.

MALDIVES

Honourable Abdul Sattar Moosa Didi
State Dignitary, (up to 3 June 2002 but later substituted by Ms. Aneesa Ahmed).

Ms. Aneesa Ahmed
Honourable Minister
Ministry of Women's Affairs & Social Security
Male', (from June 2002)



Dr. Hussain Niyaaz
Director (Demography)
Ministry of Planning and National Development, Male.

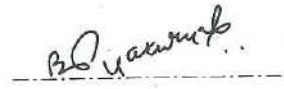
NEPAL



Hon. Mr. Krishna Prasad Bhattarai, (Convenor)
Former Prime Minister of Nepal
Jamshikhel, Lalitpur.

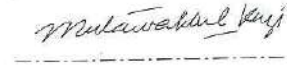


Hon. Dr. Shankar P. Sharma
Vice-Chairman
National Planning Commission
P.O. Box 3824
Singha Durbar, Kathmandu.



Prof. Dr. Bishwambher Pyakural
Economist & President
Nepal Economic Association
Kathmandu.

PAKISTAN



Dr. Mutawakkil Kazi
Secretary
Ministry of Planning and Development Division, Islamabad.



Dr. Mushtaq A. Khan
Director
Center for Research on Poverty Reduction and Income Distribution (CRPRID)
Islamabad.

SRI LANKA



Dr. R.M.K. Rathnayake
Additional Secretary
Ministry of Finance, Colombo-1.



Dr. Saman Kelegama
Director
Institute of Policy Studies of Sri Lanka
99, St. Michael's Road, Colombo 3.

Executive Summary

1 Introduction

South Asia has made important gains in the fight against poverty. Notwithstanding specific areas of progress, however, breaking wholly free of the poverty chains remains by current trends a distant goal: the Millennium Development Goal of halving the number of poor by 2015 can only be reached by 2025. This is a prospect neither necessary nor inevitable. While the statistics may look frightening, there is hope and optimism in a new ground reality being forged, a reality of initiatives by countless men and women across the countries of South Asia and their escalating refusal to remain content with the vagaries of a poverty-laden fate. In the manifold nurturing of their livelihood dreams, the poor of the region have already embraced the possibility of a poverty-free South Asia. If the groundswell of this popular energy can fuse with a new level of political determination, a goal which may appear over-ambitious by today's statistics can quickly become the reality of tomorrow.

Getting serious on a poverty-free South Asia requires, however, a hard-headed assessment as to how far South Asian countries have come on the poverty front and how far they have to go. It also requires a sharper engagement with issues of implementation.

2 A Poverty Balance-Sheet

Countries of South Asia face new global realities which carry both opportunities and risks. Share of exports as a share of global trade has increased but only to the very modest level of 0.9 percent. South Asia's share in the burgeoning FDI into developing countries remains virtually unchanged. SAARC countries have been more successful in accessing overseas employment: India and Bangladesh are in the top 10 recipients of workers' remittances while the other countries too have followed not far behind. While telephone mainlines per 1000 people has more than trebled in the region between 1985 and 2000, South Asia, home to 23 percent of world's population, still has less than 1 percent of internet users. GDP growth of South Asia on an average was higher than the average of developing countries and poverty has declined both in terms of depth and severity but the rate of decline has been modest and disparity has persisted. Rising inequalities have fuelled social conflicts. Though HDI has improved at a rate higher than the average for developing countries but the level remains quite low. Clearly, greater economic integration into the world economy has yet to translate into sustained growth for the majority of South Asian countries. Regional economic opportunities which are enormous remain largely unexploited.

The current status of dollar-a-day poverty incidence in South Asia is around 37 percent but with large variations across the region. Only Sub-Saharan Africa compares to such a poverty level; East Asia and Pacific and Latin America and the Caribbean have poverty rates in the region of 15 percent. In terms

of national poverty incidence, the poverty rate showed decline to a varying degree in Bangladesh, India, Nepal and Sri Lanka and increase in Pakistan over the 1990s. However, income inequality is a rising concern for much of the region: the ratio of income share of the richest 20 percent to that of poorest 20 percent has varied from 4 in Bangladesh to 5 in India.

Income is not the only measure of poverty. Net primary enrollment ratio in South Asia averages at 77 percent in 1997 compared to 64 percent in 1980 indicating an under one percent annual rate of increase. However, there are wide variations across countries: Sri Lanka and Maldives have attained near-universality on this indicator. Adult literacy rate in 2000 for South Asia as a whole was 55.6 percent indicating that 44 out of 100 South Asian adults are illiterate. There is strong gender disparity too: of every three adult illiterates, two are female.

South Asia has shown better progress in under-5 mortality rate, from 148 to 94 deaths per 1000 births in 2000, a drop of 54 deaths per 1000 births in a span of ten years. There are, however, large variations across the region, from a low of 19 deaths per 1000 births in Sri Lanka to 110 deaths per 1000 births in Pakistan. The rate of progress has been much faster for Bangladesh and Nepal compared to India and Pakistan. Infant mortality rate too declined from 97 in 1990 to 68 deaths per 1000 births in 2000. On this indicator too, Bangladesh, Bhutan and Nepal made faster progress than India and Pakistan while Sri Lanka enjoys a significantly better rate of only 17 deaths per 1000 births. Data on maternal mortality are scarcely available. However, 1988 data shows an abysmal record on this indicator: 570 deaths per 100000 births. The record is more positive when it comes to life expectancy at birth: this has increased from 58 years in 1987 to 62.9 years in 2000.

3 Best Practices : A Garden of Hope

South Asian countries present an abiding paradox in the pessimism of its macro trends and the rich tapestry of 'best practices' which cut across sectors and regions. Indeed, a number of these 'best practices' have gone on to attract global renown. A comprehensive inventory of best practices and a better understanding of what characteristics underlie them has been an important lacuna in the various analysis and initiatives on poverty in the region. Efficient documentation and appropriate dissemination of the lessons of best practices can offer a critical ray of hope to those who are struggling against all odds to create a more conducive South Asian ground reality. A best practice data-base can build a bridge between empirical solutions, research and policy. South Asia lacks such a evidence-based knowledge store-house and a SAARC-level initiative in this regard may indeed be very timely.

4 Road Map Towards a Poverty Free South Asia

No road map is or can be wholly new. Today's challenge for the countries of South Asia lies in finding the right balance, balance between growth and welfare objectives, balance between a pro-active role for the state while minimizing its involvement in actual implementation, balance between

embracing the opportunities of the global market-place while resisting the inequities and asymmetries of the globalisation process. A more realistic approach to economic growth too is necessary. The critical importance of economic growth for faster poverty reduction has to be recognized but far greater attention has to paid to the poverty-growth interface. Experience has also shown that growth by itself is inadequate to address the multi-dimensional problems of poverty due to the structural rigidities and complexity of socio-cultural environments in South Asia.

4.1 Priorities and Targets

The struggle against poverty will never succeed if it continues to be an encyclopedic list of do's and don'ts hopelessly bereft of any sense of strategic priority. Poverty is so pervasive in South Asia that a million priorities will not exhaust the agenda but to get the momentum going, the energies of South Asian nations have to be galvanized around a few catalytic agendas. The foremost strategic priorities in this spirit are:

- Mobilizing the Power of the Poor
- Prudent Macroeconomics
- Mainstreaming the Informal Economy
- Enhancing Gender and Other Equities
- Sustainable Development
- Effective, Harmonious and All-round Co-operation among the Countries of the Region

On the cusp of the new century, South Asia must combine both realism and ambition in re-setting the targets following from its strategic priorities. While detailed targeting is a matter for individual countries, the following set of core targets can constitute a medium-term regional agenda:

- Halving poverty by 2010
- Eradicating malnutrition and ensuring universal food security
- Putting in place a social security system
- Halving number of people without safe drinking water and sanitation by 2010
- Halving the number of people without access to primary education by 2010
- Eliminating all forms of trafficking and child labour.

4.2 Engaging with Implementation Issues

It is perhaps no exaggeration to say that implementation problems have proved to be the bane of policy and program initiatives on poverty reduction in the region. South Asian countries can ill afford any continuing neglect of critical implementation concerns.

These relate to coordination, decentralization, corruption, accountability and transparency, motivation, leadership and organizations, management of the policy process, role of funding agencies and GO-NGO relationship. There are no simple answers to such a multi-dimensional challenge; the search for remedies has to learn from past experience and adhere to some basic principles. A sharper engagement with implementation challenges, in general, will necessitate:

- finding effective ways to minimize the role of government in actual implementation;
- being attentive to and pursuing both the 'big solutions' and the 'small solutions';
- promoting local governance;
- ensuring strong watchdog and advocacy roles by civil society;
- enhancing credibility and trust in administrative intention by demonstrative actions such as the launch of anti-corruption campaigns through the prosecution of high-profile cases;
- focusing on norms of practice rather than policy norms alone, a re-focusing challenge applicable for both government agencies and NGOs; and
- ensuring better information flows.

4.3 Recommendations on Regional Initiatives

Translating the priorities and targets set out above is primarily a matter for national action. However, there is scope for a regional window of initiatives which are readily implementable and which have clear potential to boost the attack on poverty. The Commission recommends the following list of six initiatives to be undertaken at the SAARC-level:

- A South Asian Data-Base on Poverty Alleviation Best Practices and Regional Cooperation Program on Dissemination
- Promotion of Rural Technology in SAARC
- Review of Laws and Policies which Impact on the Livelihoods of the Poor
- Cooperation and Experience Sharing on the following Poverty-Relevant Areas:
  - Agricultural Research and Extension
  - Intellectual Property Rights in Agriculture and Protection of Bio-diversity
  - IPR protected Life Saving Drugs produced by MNC's
  - Natural Calamities and Disaster Mitigation Strategies
  - Tourism
  - Competition Policy
- Experience Sharing and Co-operation on Social Sector Policies
- Sharing of Perspectives on Multilateral Negotiations having poverty implications.

5 Our Future, Our Responsibility

The countries of South Asia have their commonalities and their differences. The challenges they confront are complex and often intractable. There are issues which bring them together and those which divide them. But on one issue, the interests of the peoples and the governments of South Asia stand clearly fused. This is the issue of poverty. Notwithstanding the despair of poverty statistics, a poverty-free South Asia is not an impossible dream. Such a dream has already found roots in millions of hearts in the villages and in the towns, in the fields and in the factories, in offices and in homes across the length and breadth of South Asia. The future has already been dreamt. Realizing it is our individual and collective responsibility.

Chapter 1

A Look Back to 1992

In November 1992, the *Independent South Asian Commission on Poverty Alleviation* (ISACPA) constituted as an initiative of the Colombo SAARC Summit of 1991 presented a report titled *Meeting the Challenge* to deal with the scourge of poverty in South Asia. The Heads of State/Government had entrusted the Commission to:

- diagnose what went wrong with past attempts at poverty alleviation;
- draw the positive lessons from the ground where the poor have been mobilized to contribute to economic growth and human development; and,
- identify the critical elements in a coherent overall strategy of poverty alleviation in South Asia.

The Report provided an estimate of the region's poor in 1991 to be between 330 to 440 million out of total population of 1.1 billion with an overwhelming majority (more than 82%) living in the rural areas. The Report emphasized that the rural poor directly or indirectly depend on agriculture, and, hence, the level of agricultural development - which determines the availability of work, the level of wages and the supply of food - remain an important factor for the alleviation of rural poverty.

The Report assessed that the number of poor was likely to increase substantially due to low economic growth, high population growth, and a lack of concerted efforts at poverty reduction. The Report also identified social deprivations and discrimination against the poor as two other factors that aggravate the problems of poverty alleviation in South Asian countries.

The 1992 Report also raised some additional areas of concern: the wide gap between rural and urban levels of living, unacceptably high mortality rates, high prevalence of malnutrition, low enrollment ratios, high adult illiteracy rate, low mean years of schooling, and poor access to safe drinking water and sanitation.

The Report identified a multifaceted crisis (Box-1.1) in South Asia from its failure to deal with poverty:

Box-1.1: Multifaceted Crisis of South Asia

- South Asian countries are being caught in *a low economic growth and poverty reproduction syndrome.*
- The benefits of economic growth in South Asian countries are whittled away by a *rise in population.*
- The pattern of *population dispersal,* particularly in spatial inaccessibility of remote outlying mountains, valleys and atolls, has made it more difficult to implement

cost–effective poverty alleviation programs.

- The Region has witnessed *extensive erosion of its natural resource base* over the last fifty years and also some of the worst natural disasters.
- The Region's *growing foreign debt burden*, together with fresh borrowings, leads to greater dependency.
- The *overall global economic environment* has become adverse. Global trends are not as conducive now to the Region's interest as they were in the 1960s and 1970s, since 1980s has seen a resurgence of growing protectionism in most industrialized economies. The industrialized market economies have not taken any major steps to improve market access for exports from South Asia. On the contrary they have even reduced existing market access. The multilateral trading system, created under the aegis of the GATT, is under threat. The Uruguay Round of Negotiations has not moved forward.
- The emergence of regional blocs in the industrial West has had an unfavorable impact on the global trading environment.

The authors of the 1992 Report envisaged that the process of globalization, then being initiated by most SAARC countries, was likely to put further strains on the poor in the short term. It assessed that most South Asian economies, limited by their managerial and technological capabilities, could not respond quickly to the opportunities available through liberalization and deregulation of the economy and create a favorable climate for mobilization of foreign direct investment. They feared that the brain drain and skills drain from the region would constitute a major economic loss for South Asia.

The Report acknowledged that too much involvement of governments in development activities was undermining people's participation and capability in the member countries of South Asia region. Some good results were forthcoming when systematic emphasis on agricultural development and food production was made, access to massive financial resources was provided and consistent investments in social development programs were made. The Report was critical of the ad hoc nature of consultation with the poor rather than a comprehensive social mobilization program to enable the poor to contribute to growth and human development. As the poor had achieved high level of human development at relatively lower levels of income, the Report believed that if the process was supported sensitively with adequate resources and mechanisms, poverty could be alleviated, savings and investment increased, and assets created cost-effectively. The Report documented several success stories achieved through building the organization of the poor and their empowerment and recommended the preparation of national level Plan for the Poor using the Pro-Poor Perspective and the Premises for Action in a way that the whole process could be monitored with built-in self-corrective measures.

Most of the recommendations of the 1992 Report are as valid today as they were a decade ago. However, the preceding decade has seen unprecedented acceleration of the globalization process from which South Asia has not been immune. Poverty too has become a sharper focus for the global

Box-1.2: Millennium Development Goals

1. Eradicate Extreme Poverty and Hunger : Reduce by half the Population in Poverty by 2015
2. Achieve Universal Primary Education
3. Promote Gender Equality : Eliminate Gender Disparity in Primary and Secondary Education
4. Reduce Child Mortality : Reduce by two-thirds under-5 Child Mortality
5. Improve Maternal Health : Reduce by three Quarters Maternal Mortality Ratio
6. Combat HIV/AIDS, Malaria and other Diseases
7. Ensure Environmental Sustainability : Reduce by half Proportion of People without Access to Safe Water
8. Develop a Partnership for Development

community which has crystallized around the formulation of the Millennium Development Goals (Box 1.2). Commensurate with these changes and new commitments, it has become necessary to develop new action-oriented strategies taking into account national, regional and global changes that have taken place during the last decade. The Heads of State/Government in the Kathmundu SAARC Summit of 2002 reconstituted ISACPA and charged the Commission to prepare a new report outlining a poverty reduction strategy attuned to the experiences and realities of the new century.

Chapter 2

New Realities

Globalization, which is the result of reduced trade barriers, declining costs of transport and communications, rising capital flows and faster development of technology, is a dominant new reality confronting the countries of South Asia. It is a process which has brought opportunities as well as risks for the region. The designing of new strategies to tackle poverty cannot but take the issues emerging out of the globalization process into due cognizance.

A major factor in globalization in the 1990s has been the reduction of trade restrictions. Average tariffs in South Asia have declined from 65 percent in the late 1980s to about 30 percent at the end of 1990s (WB, 2002a). In Latin America and East Asia, average tariff rates fell from 30 percent to 10 percent during the same period. However, reductions in trade barriers have been slow in Sub-Saharan Africa. South Asia's trade both in terms of merchandise exports as well as commercial services grew at rates slightly above the average rates of developing countries. This has been so mainly due to trade openness. Increase in exports helped to raise the share of South Asia in global exports from 0.6 percent to 0.9 percent between the late 1980s and the late 1990s. Export structure shifted from primary commodities to more manufacturing goods and services. Similarly, South Asia has also benefited from reduced restrictions on foreign investment: FDI rose to US$3659 million in 1998 from US$464 million in 1990 (WB, 2001).

A globalizing world has also created enhanced opportunities for overseas employment. Remittances have become a critical component of household incomes and a major source of foreign exchange earnings in many countries. India and Bangladesh have emerged among the top 10 recipients of workers' remittances (WB, 2002a) while Pakistan and Sri Lanka rank 16th and 17th. Nepal's remittances earnings-GDP ratio has reached close to 20 percent.

Technological development, especially that of communication tools including internet and mobile phones and their plummeting costs have helped to accelerate the speed and pace of globalization and to deepen the interaction among people. Close to 3 million people have become internet hosts in South Asia in 1998 and the telephone mainlines per 1000 people has more than trebled in the region between 1985 and 2000.

However, globalization has also created enormous challenges to developing countries many of which have faced marginalisation in the process. The per capita income of more than 80 countries have gone lower than they were a decade ago. Although the GDP growth of South Asia on an average was higher than the average of the developing countries and poverty declined both in terms of depth and severity, disparity has persisted. Rising inequalities have fuelled social conflicts. Inequalities are not only restricted to incomes but also in economic assets and in social conditions. Human

Development Index (HDI) and its components has improved in South Asia at a rate higher than the average for developing countries but the level of HDI is still low. It appears that greater economic integration has yet to translate into sustained growth for the majority of the population in South Asian countries.

The changing technological scenario necessitates new skills to compete in the world market. It has changed the structure of the market and given rise to new actors. Even with dramatically declining costs of communication technology, however, poor countries' access to the related tools remains negligible. South Asia, home to 23 percent of world's population, has less than 1 percent of internet users. Thailand has more cellular phones than Africa as a whole. Clearly, the benefits of the emerging knowledge economy is gravitating to the rich and educated and unless special efforts are made to increase the competitive edge of poor people, the trend can only get worse.

Globalization has also helped to increase capital flows but not proportionately. Some two dozen developing countries have been able to attract more than 80 percent of the FDI and have doubled their ratio of trade to GDP over the past two decades. FDI flows to the rest of the developing countries have remained insignificant while their trade to GDP ratio is actually less today than it was twenty years ago. The South Asian scenario is not an encouraging one: despite significant increase in FDI to developing countries, the share of South Asia in developing countries' FDI has remained almost unchanged.

The experience of South Asia and other developing countries on globalization provide five key messages for the region:

- Firstly, the benefits of globalization to a large extent have been limited mostly to urban areas and a small segment of the rural population. However, with continuing reforms, productivity and efficiency can be expected to rise and the region's share in global trade, finance and investment should increase;
- Secondly, liberalization and deregulation have to go hand in hand with human development. An added emphasis on the improvement of socio-economic indicators will not only help to address the basic needs of the poor but also in reducing mounting inequality. The combination of an effective educational strategy and a more conducive investment climate can help the poor to participate more vigorously in an expanding economy. For this to come to pass, governance has to be improved and the participation of the poor in the decision- making process ensured;
- Thirdly, integration in the short run can produce losers and winners. Flexible and more competitive firms can survive and expand but less efficient ones may die. Evidences show that poor people are affected adversely in the process of liberalization and globalization. Social protection measures should, therefore, be initiated and strengthened to help the short-term losers;
- Fourthly, to maximize the benefits of globalization, South Asia has to enhance the region's ability to gain from regional economic and social opportunities. Opportunities for regional

cooperation especially in trade and investment are enormous; they have to be exploited;

- Fifthly, rich countries maintain strong protectionist barriers in the areas where developing countries have comparative advantage. Tariff reduction in rich countries will benefit the poor countries. South Asia as a group has to strive for reducing protectionist structure of rich countries and take advantage of the expanding opportunities of globalization. Efforts should also be undertaken to ensure increased foreign aid for poor countries and enhance debt relief for them.

The SAARC region faces many development challenges: poverty reduction, sustainable economic growth, further consolidation of the rule of law, strengthening of social sectors, acceleration of rural development, protection of the environment, integration with the global system of trade, technology, information and communications etc. The key challenges for South Asia as one looks ahead are the following:

- Bringing the poor together in the context of social heterogeneity
- Prudent macro-economics
- Mainstreaming the informal economy
- Overcoming inequality
- Sustainable livelihoods
- Youth unemployment
- Eradicating child labour
- Reducing unproductive expenditures
- Discouraging conspicuous consumption
- Promoting women's agency
- Improving governance
- Overcoming legal and policy constraints for the poor
- Overcoming geographical constraints
- Stronger performance monitoring.

In meeting these challenges, South Asia can also look ahead to certain opportunities:

- Big regional market potential
- Human resource base potential
- Rich cultural heritage
- Varied natural resources
- Community support systems
- Indigenous knowledge and technology.

Chapter 3

A Poverty Balance-Sheet

3.1 The Trend in Income Poverty

Poverty defined on economic dimension, more specifically in terms of income or consumption deprivation, is known as *income poverty*. Poverty incidence[1] is the most common measure of income poverty. This section reviews the current status and trends of income poverty using two indicators: (i) *dollar-a-day poverty incidence*[2] and (ii) *national poverty incidence*. Income/consumption inequality is also reviewed using two indicators: (i) *Gini coefficient* and (ii) *ratio of income/consumption share of richest 20%* to poorest 20%. The indicator values for South Asia (SA) will be compared with those of other regions: East Asia and the Pacific (EAP), Sub-Saharan Africa (SSA), and Latin America and the Caribbean (LAC).

Regional Scenario of Income Poverty

The current status of dollar-a-day poverty incidence in SA is around 37 percent. This can be compared to 1999 figures of 14.2 percent in EAP and 46.7 percent in SSA (Figure 3.1). The relatively high poverty incidences in SSA and SA (>35%) as compared to the incidences in EAP and LAC (around 15%) is mainly due to differences in per capita income.[3] The dollar-a-day poverty incidence declined in all of the four regions over the 1990s (Figure 3.1), but the absolute number of poor declined only in two of the regions[4]: SA and EAP. The pace of decline in dollar-a-day poverty incidence is different in different regions: around 7 percentage points in SA, 14 percentage points in EAP, and below 2 percentage points in SSA and LAC. Between 1990 and 1999, the regional shares in world's poor had increased in SA, SSA and LAC (Figure 3.2). The paradoxical result - decrease in poverty incidence and increase in the share of absolute poor - is really the manifestation of the slow pace of poverty reduction in SA, SSA and LAC, compared to that in EAP.

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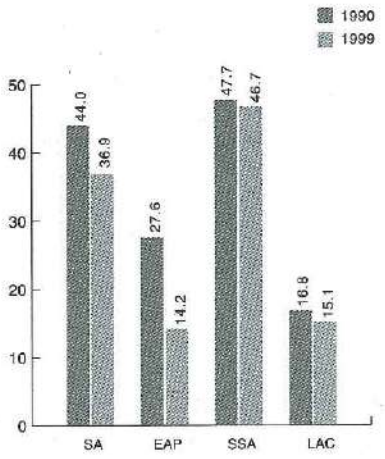
[1] The indicator measures the proportion of the population whose income/consumption levels fall below a prescribed poverty line. It reflects the purchasing power that households have over goods and services needed to escape poverty (food, clothing, housing and other non-food essentials).

[2] Defined by the proportion of population living on less than one dollar per day, based on 1993 dollar adjusted for purchasing power parity (PPP). The dollar-a-day poverty incidence is an internationally accepted measure of poverty that allows more meaningful comparison of poverty across countries.

[3] In 1999 the per capita GNP at PPP dollar of SA, EAP, SSA and LAC was correspondingly 2030, 3500, 1450 and 6280 (WB, 2001).

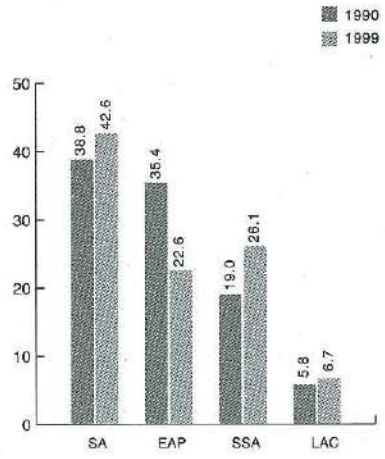
[4] Decrease or increase in the number of poor between 1990 and 1999 495 to 490 millions in SA, 452 to 260 million in EAP, 242 to 300 million in EAP, 242 to 300 million in SSA, and 74 to 77 million in LAC (WB, 2002).

Figure 3.1: Regional Senario of Poverty



Source : WB, 2002

Figure 3.2: Regional Shares of Poor



Source : WB, 2002

The reasons for the slow pace of poverty reduction in SA in the 1990s are attributable to several factors, namely:

- slower growth in per capita GDP; the rate in EAP was higher by 2.4 percentage points compared to SA during 1990-99 (see Annex Table 1);
- Weaker market orientation in SA compared to EAP (see Annex Table 3). Exports as a percentage of GDP was 3 time higher in EAP compared to SA in 1999; FDI as a percentage of GDP was 6 times higher over the same period;
- In view of the settlement pattern[5], human development[6], and structure of labor force[7], the average annual agriculture growth of 3.7 percent during 1990-99 in SA was also another reason for the slower pace of poverty reduction in SA.

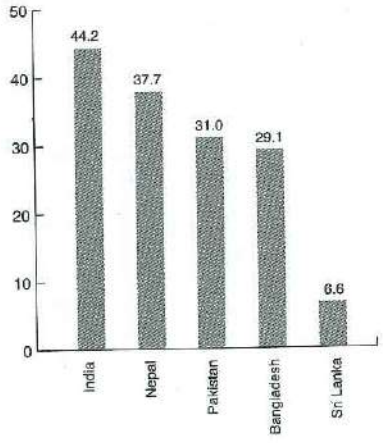
Country Scenario of Income Poverty

Country specific statistics on income poverty are only sporadically available. Even the available statistics, particularly national poverty incidences, are not strictly comparable over time due to several technical reasons. Bearing these limitations in mind, this section makes a modest attempt to present an analysis of country specific income poverty in South Asia. The available dollar-a-day incidence as well as national poverty incidences vary significantly across the South Asian countries (see Figures 3.3 and 3.4 where countries are ordered by their level of poverty measures). For example, the dollar-a-day poverty incidence was as low as 6.6 percent in Sri-Lanka and as high as 44.2 per cent in India during the mid 90s. Similarly, the national poverty incidence was as low as 21 percent in Sri-Lanka and as high as 49.8 percent in Bangladesh around the late 90s. Note that the

[5] Around 71 percent of South Asians still reside in the rural areas.
[6] Out of 100 South Asian adults (15 and above years of age), 44 are still illiterate.
[7] Around 1992, the structure of labor force was 59% in agriculture, 13% in industry and 28% in service.

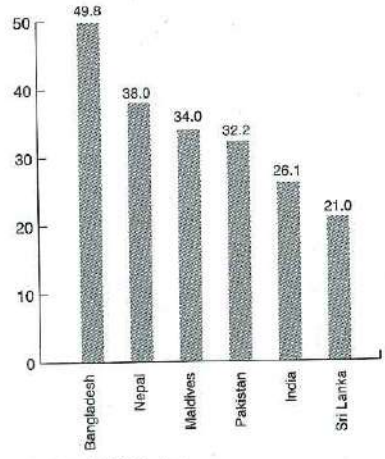
statistics on dollar-a-day and national poverty incidences are available for two different time periods that results in different ordering scenarios of countries by corresponding measures.

Figure 3.3: Dollar-a-day Poverty Incidence, Mid-1990s



Source : WB, 2001

Figure 3.4: National Poverty Incidence, Late 1990s



Source : ISACPA Members

Between the 1980s and the1990s, the three countries – India, Sri Lanka and Nepal – had experienced declining trends in dollar-a-day as well as in national poverty incidences (see Annex Table 4). On the contrary Pakistan had experienced increasing trend in both measures of poverty incidence. Bangladesh had shown increasing trend in dollar-a-day poverty incidence and declining trend in national poverty incidence. The magnitude of decline in dollar-a-day poverty incidence was highest in Nepal, followed by India, and Sri Lanka.

Income/Consumption Inequality

The effectiveness of high economic growth in reducing poverty is reduced if high income/consumption inequality prevail. The available data on inequality are presented in Annex Table 6. Due to conceptual problems[8], they must be interpreted with great caution. Keeping these limitations in mind, the main findings are as follows:

a) *Gini Coefficient:* on this measure of inequality, currently available statistics show relatively small variation - from 31.2 percent in Pakistan to 37.8 percent in India;

b) *The ratio of income/consumption share of richest 20% to poorest 20%* on this other measure of inequality, the variation ranges from 4.0 in Bangladesh to 5.0 in India. The time trend shows rising inequality in all of the South Asian countries except Pakistan.

[8] Income distribution is more skewed than consumption distribution because the poor are forced by circumstances to spend their entire income on consumption while the rich are able to save a part of it (SAARC, 1992). Mst of the available data are based on consumption.

Millennium Development Target

South Asian countries made commitments at the UN Millennium Summit in New York for halving the 1990's level of dollar-a-day poverty incidence by 2015. Can each country or the whole SA region achieve this target? The current pace of poverty reduction in SA is too slow for achieving the target; by current trends, the MDG target date for South Asia is 2025. Due to unavailability of country specific dollar-a-day poverty incidences for the year 1990, country specific Millennium targets are hard to determine. Except for Sri Lanka, it is clear, however, that South Asian countries have to significantly enhance their poverty reduction efforts if millennium targets are to be met.

3.2 Current Status and Trends in Educational Capability

Capability approach of poverty focuses directly on the lives that people lead, on what they succeed in doing and being. Do the people live long? Do they avoid mortality during infancy and childhood? Are they free from hunger and undernourishment? Do they achieve literacy? These are living standard achievements that have *intrinsic* value; income, by contrast, has only *instrumental* value in terms of what it does, and sometimes does not allow one to purchase or achieve, for example, a longer life. This section reviews the current status and trends of educational capability using the following indicators - *net primary enrollment ratio, literacy rates and gender disparity in education.*

Net Primary Enrollment

Available data on net primary enrollment ratio are summarized in Annex Table 7. The main findings are as follows:

- The status of net primary enrollment ratio in SA was 77 percent in 1997, compared to 99 percent in EAP and 94 percent in LAC; this implies that nearly one in four primary school aged children of SA is out of school;
- The progress in primary enrollment in SA is quite slow: between 1980 and 1997, the ratio increased from 64 to 77 percent implying an average annual increment of around 0.8 percentage points;
- Data on country specific enrollment ratios are sporadically available. However, available statistics clearly demonstrate that Sri Lanka has already achieved the Millennium target and probably Maldives too. On the contrary, other countries – like Bangladesh, India and Nepal – are far away from the target, and probably Bhutan and Pakistan too. *If the past progress in primary enrollment continues in future, then Bangladesh, India, and Nepal, and probably Bhutan and Pakistan too will achieve the universal primary education no earlier than 2025.*

Adult and Young Literacy

Illiteracy and educational backwardness severely limit people's freedom, well-being and ability to exploit the opportunities offered by modern economic reforms (Sen, 1996). On the contrary, education contributes to economic growth and poverty reduction by enabling people to expand

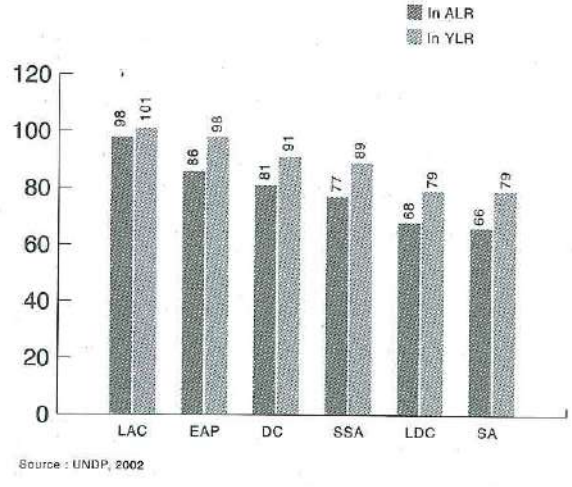
their capabilities and participate more fully in society (WB, 1999). Data on the adult literacy rate[9] and young literacy rate[10] for South Asia are presented in Annex Table 7. The main findings are as follows:

- Adult literacy rate in SA was 55.6 percent in 2000 implying that 44 out of 100 South Asian adults are illiterate. The adult literacy rate in SA is lower than in any other region of the world. The current status of young literacy rate is also not satisfactory: in 2000, the rate was 69.8 percent, which is also lower than that of any other region of the world.
- There is, however, huge variation across the region on the above indicators. Adult and young literacy rates are more than 90 percent in Maldives and Sri Lanka, while adult literacy is lower than 50 percent in Bangladesh, Nepal and Pakistan, and young literacy rate is lower than 60 percent in Pakistan and Bangladesh.

Gender Disparity

Elimination of gender disparity in primary and secondary education, preferably by 2005, and to all levels of education no later than 2015 is the Millennium Goal. Due to unavailability of relevant data, gender disparity in the achievements[11] of literacy among adults and young population is displayed in Figure 3.5 by regions. Currently SA is worse on these indicators than any other region of the world, indeed, even worse than in LDCs.

Figure 3.5: Gender Disparity in Literacy Achievements



Source : UNDP, 2002

Currently, nearly 60 percent of adult females are illiterate compared to 30 percent in case of males (see Annex Table 8). This means of every 3 adult illiterates in South Asia, 2 are female. However, there are large variation across the region: Maldives and Sri Lanka have virtually no gender disparity while it is highest in Nepal, followed by Pakistan, Bangladesh and India (Annex Table 8).

Many factors are attributable to the slow pace of improvement in educational capability indicators. Factors such as rural-urban gap, regional gap, gender gap, and poor-rich gap have compounded to slow down improvement in literacy rates and enrollment ratios (Box-3.1). Narrowing such gaps is one of the major challenges that lie ahead for most of South Asian countries.

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[9] Literate population of 15 years and above as percent of the population of the same age group.

[10] Literate population of 15-24 years as percentage of the population of the same age group.

[11] Two indicators.- one gender disparity in the achievement of adult literacy and the other gender disparity in the achievement of young literacy have been used. They are defined by female adult/young literacy rate as percent of male adult/young literacy rate. Lower values correspond to higher disparity.

Box-3.1: Country Cases in Educational Gap

Urban-rural Gap: The rural-urban gap in adult literacy in India in 1997 was 31 percentage point: around 80 versus 49 percent (MHHDC, 2002, P. 166).

Regional Gap: The net primary enrollment ratios in the eastern hills and central *terai* of Nepal in 2000 were 80 and 39 percent respectively (BCHIMES, 2001; P. 23), a regional gap of 41 percentage point.

Poor-Rich Gap: The poor-rich gap in school enrollment of 6-14 years of children in Pakistan in 1990/91 was 49 percentage points (WB, 1999).

Mere raising of enrollment rates, however, is no panacea. For example, during 1990-95, about 40 percent of South Asian children (two in five) entering primary school dropped out before reaching grade five, and during 1995-99 such drop out ratio increased to 46 percent (MHHDC, 2002). The available country specific statistics are even more depressing. For example, in Bangladesh, Nepal and Pakistan only about half of all the primary school entrants were able to reach grade 5 during 1990-95. The scenario changed during 1995-99, when Bangladesh made substantial improvement whereas India slipped down to around 50 percent. Clearly, retention of entrants at school by providing them quality education is another major challenge for South Asian countries. A caveat to underscore here is that the wave of globalization that engulfed South Asia in the 1990s has resulted in relaxation of controls in private investment in social sectors including education. This has resulted in mushrooming of private educational institutions some of which offer high quality education. But these are quite expensive and, hence, out of reach of middle-income families. At the same time, quality gap between private and public schools has been continuously widening, particularly in the case of Nepal. Such a widening gap is an inevitable trigger for social inequalities.

3.3 Current Status and Trends in Survival Capability

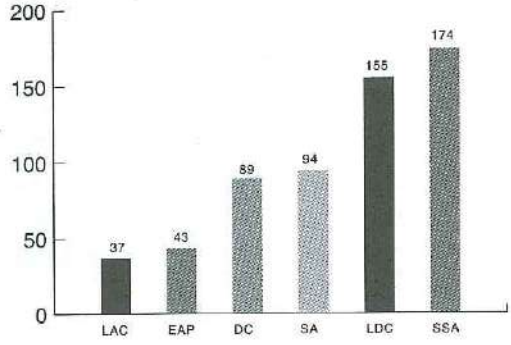
Mortality and longevity constitute the indicators of survival capability. The Millennium Development Targets are set up in terms of under-five mortality rate and maternal mortality rate, namely, (a) reduce by two thirds, between 1990 and 2015, the under five mortality rate and (b) reduce by three quarters, between 1990 and 2015, the maternal mortality ratio. This section presents status and trends in survival capability using three indicators of mortality – *under five mortality, infant mortality and maternal mortality* - and one indicator of longevity – *life expectancy at birth.*

Under Five Mortality Rate

The current status of under-five mortality rate of SA is 94 deaths per 1000 births, which is significantly higher than that of LAC as well as of EAP, and significantly lower than that of LDC as well as of SSA (Figure 3.6). It is quite close to that of DC.

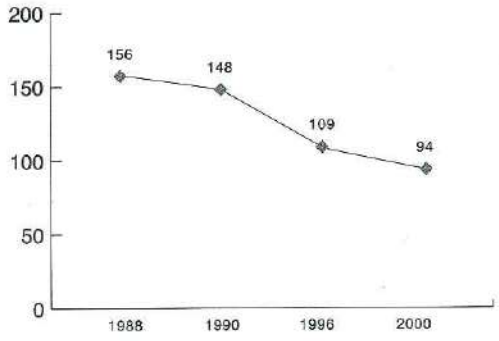
The under-five mortality rate of SA has decreased from 148 deaths per 1000 births in 1990 to 94 deaths per 1000 births in 2000 – resulting in a drop of 54 deaths in a span of 10 years (Figure 3.6). The pace of decline was relatively higher in the early part of 1990s (around 6.5 deaths per annum during 1990-96) as compared to the latter part of the 1990s (around 3.8 deaths per annum during 1996-00). The MDT for SA turns out to be 49 deaths/1000 births.

Figure 3.6 : Current Status of Under-five Mortality, 2000



Source : UNDP, 2002

Figure 3.7: Trends in Under 5 Mortality

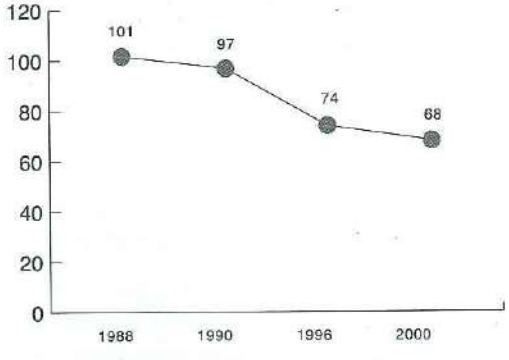


Source : UNDP, 1990, 1992, 1998, 2002

Annex Table 9 summarizes the country specific trend in under-five mortality. The main findings are:

- Large variations persist in under-five mortality rate across the country. For example, in 2000, it varies from 19 deaths/1000 births in Sri Lanka to 110 deaths/1000 births in Pakistan.
- During 1990-2000, some countries made tremendous progress in reducing under-five mortality rate, while some made moderate progress. For instance, Bangladesh and Nepal were able to reduce 98 and 89 deaths/1000 births respectively while India and Pakistan were able to reduce only 46 and 48 deaths/1000 births respectively during this period.
- The past rate of reduction in under-five mortality in India and Pakistan is too slow for achieving the Millennium Development Targets.

Figure 3.8: Trends in Infant Mortality of SA



Source : UNDP, 1990, 1992, 1998, 2002

Infant Mortality Rate

The infant mortality rate of SA in 2000 was 68 deaths/1000 births, which is higher than that of the EAP and LAC, and lower than SSA and LDC. It is nearly equal to that of DC (see Annex Table 9). It has declined from 97 deaths/1000 births in 1990 to 68 deaths/1000 births in 1999: a reduction on average of 29 deaths/1000 births annually (see Figure 5.3). The declining trend is relatively higher during the period 1990-96 (an average annual decline of around 4 deaths/1000 births) compared to the latter period of 1996-2000 (an average annual decline of around 1.5 deaths/1000 births).

The country specific infant mortality rate for the years 1988, 1990 and 2000 are summarized in Annex

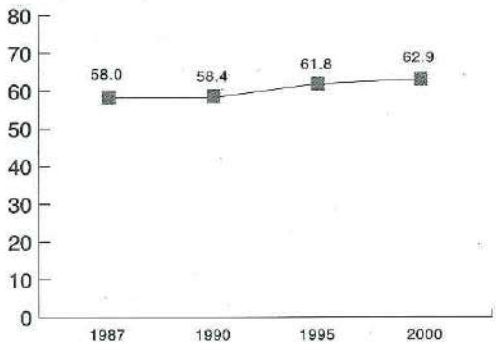
Table 9. The main findings are:

- Large variations persist across the countries. For example, in 2000 it varied from 17 deaths/1000 births in Sri Lanka to 85 deaths/1000 births in Pakistan.
- During 1990-2000, some countries made tremendous progress in reducing infant mortality rate, while some made only moderate progress. For instance, Bangladesh, Nepal and Bhutan were able to reduce 60, 51 and 46 deaths/1000 births respectively while India and Pakistan were able to reduce only 25 and 19 deaths/1000 births respectively over this period.

Maternal Mortality

Data on maternal mortality ratio are even more scarcely available. The maternal mortality ratio of SA in 1988 was 570 deaths/100,000 live births. The MDT for SA is around 142 deaths/100,000 live births. Due to data problems, it has not been possible to analyze trend in maternal mortality reduction. Nonetheless, based on other proxy indicators such as 'percentage of births attended by professional health workers', it is clear that except Sri Lanka no other South Asian countries can expect to meet MDT on current levels of performance.

Figure 3.9: Trend in Life Expectancy of SA



Source : UNDP, 1990, 1992, 1998, 2002

Longevity

The current life expectancy at birth in SA is around 62.9 years, compared with 69.5 years in EAP, 48.7 years in SSA, 70.0 years in LAC (see Annex Table 11). It has increased from 58 years in 1987 to 62.9 years in 2000 (Figure 3.9). The increasing trend is relatively higher during the period 1990-95, compared to the later period. Among the South Asian countries, it is highest in Sri Lanka, followed by Maldives, India, Bhutan, Pakistan, Bangladesh and Nepal.

In summary, SA has experienced some progress in the reduction of child mortality and in raising longevity. The progress was rapid during the first half of the1990s. The available data are not sufficient to analyze whether or not the maternal mortality ratio in SA during the 1990s has declined. During 1990-2000, some countries made tremendous progress in reducing under-five mortality rate, while some made moderate progress. India and Pakistan are not likely to attain their respective Millennium targets of reducing under-five mortality by 2015. Proxy indicator of maternal mortality shows that, except Sri Lanka, no other South Asian countries can expect to attain their Millennium targets of reducing maternal mortality by 2015.

Chapter 4

Implementation Issues

The problems of governance become quite apparent in South Asia when economic policies in general, and those relating to poverty alleviation in particular, are put to implementation. Indeed, the South Asian experience is replete with a surfeit of paper policies and poor record of implementation. Strategies to deal with poverty must therefore take into cognizance the critical issues which stand between what passes off as poverty related policies/plans/ programmes/projects, and what ultimately gets delivered at the ground level. These relate to coordination, decentralization, corruption, accountability and transparency, motivation, leadership and organizations, management of the policy process, role of funding agencies and GO-NGO relationship.

4.1 Facilitating Coordination

In the inter-organizational context, coordination means bringing organizations together in proper relations for the achievement of a common goal (within an organization, the same principle would apply to its different parts). On the other hand, lack of coordination leads to duplication of efforts, waste of time and resources, loss of complementarities and ineffective division of labour, all of which South Asian countries can ill afford. In the realm of poverty alleviation, there is a frighteningly large number of actors, dimensions and concerns that have to be coordinated. There is no simple recipe for this formidable task.

Several methods and techniques of coordination have been applied in different countries of South Asia. These include a) exchange of information, b) negotiation to resolve differences, c) direction if negotiation fails, d) specification of each agency's responsibilities, e) institutionalization of procedures to ensure that views of all relevant agencies are incorporated in the decision-making process, and, f) delineation of guidelines and norms for coordination.

It is thus clear that certain systems of coordination may lead to over-centralization, extremely complex agencies and an undesirable interference in operational matters. To be more explicit, one must distinguish between coordination and control. Thus, while coordination does not involve direct sanctioning power, control requires mechanisms for direct supervision. Traditionally, the concept of control has been used to imply hierarchical bureaucratic and unidirectional communication flow, whereas coordination emphasizes harmonious relationships and mutual influence and may include decentralization of the coordinating authority, greater involvement of peoples' organizations and adjustments and bargaining among individuals, organizations and units.

Throughout South Asia, coordination in the formulation and implementation of poverty related

policy/programmes remains ill defined, inadequate and weak. The major players with regard to poverty related policy formulation and project/programme implementation at present are:

- The Planning Commission (state/central) produces Five Yearly Plans and Annual Plans which lay down the guidelines for taking up projects and programmes by various Ministries/Departments for poverty alleviation. As such, this has emerged as the most important coordinating agency at the top level.
- A statistical body under the Planning Ministry/Department monitors the movement of poverty indicators for both urban and rural areas.
- The Ministries and Departments which have a direct focus on poverty alleviation are those relating to Local Government, Cooperatives, Rural Development, Social Welfare, Housing, Urban Development, Health, Education, Land, Labour, Agriculture, Fisheries, Livestock, Forestry, Environment, Women and Children Affairs, etc. The responsibility for implementing poverty focused programmes and projects lies with the respective directorates/boards/corporations and their field units. In most South Asian countries, the Ministries/Departments are generally not involved in coordinating the sectoral poverty alleviation activities of organizations other than those of the government, namely those of NGOs, cooperatives, local government bodies, CBOs, etc.
- There is generally a body within the Planning Ministry/Department which is responsible for overseeing implementation, monitoring and evaluation of government programmes and projects, including those relating to poverty alleviation.
- Local administration (i.e. Deputy Commissioner/District Magistrate/SDOs), elected local government bodies, cooperatives, NGOs, CBOs etc. are also involved in the implementation of poverty alleviation programmes and projects in varying degrees, either alone or in collaboration with one another or as a partner/agent of the state/provincial/central government.
- There is generally a regulatory body in South Asian countries dealing with NGOs. Its functions are presently confined to routine work such as registration, clearance of projects and permission to receive foreign donations. In some countries, NGOs have their own apex bodies but these have little role in coordinating the poverty alleviation activities of affiliated NGOs.
- In some South Asian countries, poverty alleviation projects and programmes are mostly donor funded and driven, and hence donors play a considerable role in their formulation and implementation. This is perhaps true even of the PRSP exercise that has been undertaken in several South Asian countries recently. Donor coordination is done mainly through External Relations Division/Economic Affairs Division. Donors have also set up their own country specific coordination mechanisms.

4.2 Decentralization

Decentralization denotes the following: delegation, deconcentration, privatization and devolution.

Delegation includes the transfer of functions to regional and functional development authorities,

parastatal organizations or special project implementation units on the understanding that these would operate relatively free of central/state/provincial government regulations concerning personnel recruitment, contracting, budgeting, procurement and other matters, and that they would act as agents for the state in performing prescribed functions, with ultimate responsibility for them remaining with the central/state/provincial government.

Deconcentration involves transfer of functions within the central government hierarchy through shifting of work load from government apparatuses at the centre to field offices, the creation of field agencies or shifting of responsibilities to local administrative units that are part of the central/state/provincial government structure.

Privatization implies (a) shifting responsibilities for activities from the public sector to both profit as well as non-profit private sector (i.e. NGOs and CBOs) and (b) greater interface between the private and the public sector.

Devolution means transfer of functions or decision-making authorities to legally incorporated and elected local government bodies. These bodies have the following distinct characteristics :

- they are created by Acts of the Parliament in conformity with constitutional provisions;
- they are popularly elected and there is scope for participation of the local community in decision making and in administration;
- they have freedom to act independently of central control;
- they have the powers to raise taxes in the areas under their jurisdiction;
- they are general purpose, as compared to many single purpose autonomous organizations.

Delegation is problematic in at least two ways. Firstly, the delegated organizations have no local accountability, and secondly, despite the stated legal position, these tend to be handmaidens of political leaders and bureaucrats operating in the higher echelons of government. Deconcentration, in so far as it does not lessen central control and direction, is a less desirable option; it can also be manipulated as centralization in disguise. If the quality of central bureaucracy is poor, deconcentration may only make things difficult at the local level.

Privatization is generally favoured by the donors. It is justified on the grounds of efficiency, rapid infrastructure provision, reduction of public expenditure and introduction of competition as a motivation of improved quality and service. However, privatization can increase the level of exclusion of the poor through new pricing policies in discriminatory markets. It can lead to distortion of the intended beneficial effects by the rent-seeking rich in control of the economy. Privatization without adequate regulation can also lead to loss of quality. For example, in case of agricultural inputs, farmers will face the problems of adulterated fertilizer, substandard seed and harmful pesticide in a totally unregulated environment.

Decentralization through the non-profit private sector (i.e. NGOs, CBOs, etc.) is a recent phenomenon, and their growth has been facilitated by the belief they are more effective and efficient in helping the poor than other agencies. The main problems with the non-profit private sector relate

to legitimacy, accountability and sustainability since they face no popular control and are dependent on foreign organizations.

Devolution too is not without its problems but from the perspectives of poverty alleviation, this offers the most desirable form of decentralization. South Asia has a long tradition of local governance. Village governments have existed from the earliest times as social, administrative and political units. In the latter half of the present century, governments of the region have tended to become heavily centralized and the institution of local government was consequently marginalized. In more recent times, South Asian countries have gradually become aware of the possibilities that decentralization offers and local tiers of rural government have been revived and urban municipalities have been strengthened in varying degrees. Recent examples in this regard are the 73rd and 74th Constitutional Amendments in India in the 1990s and the Devolution Plan in Pakistan in 2001. Similarly, Bangladesh, Sri Lanka, Nepal, Bhutan and the Maldives have tried out various measures by way of strengthening local government bodies in urban and rural areas over the years. However, although there have been some positive achievements, the general picture is far from satisfactory. Local government bodies are beset with a number of problems:

- they have little funds, functions and personnel owing to resistance by forces benefiting from centralization, such as bureaucrats, Members of Parliament, etc.;
- postponing of local government elections under one pretext or the other has become routine;
- constitutional provisions regarding elected local government bodies are either vague or not being implemented;
- effective representation in these bodies by women, minorities, lower castes and the poor remains minimal, despite certain legal provisions in recent years.

Thus, it is clear from the above picture that devolution is unable to serve the disadvantaged unless accompanied by parallel initiatives aimed at enhancing their participation and empowerment.

4.3 Dealing with Corruption

Corruption has been defined as "abuse of public power for private gain". It is not confined to bribery, but can assume a number of other forms such as nepotism, patronage, pillaging of organizational assets, distortion of organizational expenditure, cronyism, etc. It straddles both public and private sectors. It may be "wholesale corruption" as in the case of big cuts from huge deals or "retail corruption" which takes the form of small bribes or cuts in the process of innumerable transactions for the provision of public goods. There is centralized corruption when it is indulged in mainly by a small coterie of senior politicians and bureaucrats at the centre, and decentralized corruption when it operates in many sectors, including at the local level. There are also those who distinguish between the so-called "sand in the machine" and the "oil in the machine" forms of corruption. The former is like *ransom* money, whereas the latter is *speed* money. Corruption in all forms is detrimental to economic performance. It leads to inefficiency and unproductive rent-seeking and prevention of

potentially productive entrepreneurial activity. It has a disproportionately adverse impact on the poor through restricting access to public services and employment, reduction in available resources and favouring the interests of dominant groups.

Corruption is an all-pervasive phenomenon in South Asia. This is clearly brought out regularly in the Business International Indices and annual surveys conducted by Transparency International. According to a recent World Bank report (World Bank, 2000), if Bangladesh could reduce corruption level to those prevailing in countries with the highest reputation for honest dealing, it could add between 2.1 and 2.9 percent to the annual per capita GDP growth. This could lower the country's poverty by 25 percent. Similar evidence are also available for India and Pakistan.

South Asian corruption is unique in at least five ways. *Firstly,* corruption in South Asia is more upstream than downstream. This distorts fundamental decisions about development priorities, prices and projects often favouring those which offer the highest rent-seeking potential. *Secondly,* corrupt gains made in the region are generally smuggled out to safe havens abroad. *Thirdly,* corruption in South Asia often leads to promotion not prison. *Fourthly,* corruption in South Asia is occurring in the midst of huge poverty and human misery, further accentuating human deprivation. *Finally,* corruption in South Asia tends to get linked with crime and violence contributing to deterioration in law and order.

The anti-corruption strategy followed so far in South Asia has been highly inadequate, and carried little political conviction. An effective strategy has also to address the major causes of corruption which in South Asia have been:

- availability of opportunities for corruption through administrative discretion and faulty laws with rent-seeking potential;
- poor emoluments received by elected functionaries and civil servants;
- lack of effective policing against corruption;
- a degeneration in the moral values of the society at large.

It is abundantly clear that in present-day South Asia, it is hardly possible to deal with corruption through raising public salaries to any appreciable extent without causing severe inflation and hence canceling out the intended benefits. In the first phase of the anti-corruption drive, South Asia thus has no option but to rely primarily on efforts on two fronts, namely decreasing the administrative and legal opportunities for corruption and strengthening policing and motivation campaigns against corruption.

4.4 Building Accountability and Transparency

Accountability implies that decision-makers, both bureaucrats and elected functionaries, in the central/state government, local government bodies, the private sector and civil society organizations are answerable for their actions, performance and use of public money to members of the public as well as institutional stakeholders. In order to ensure that bureaucrats are accountable to elected functionaries, the latter are provided with significant control and supervision over the latter at both

national and local levels: through control of decisions on postings, transfers, promotions, writing annual confidential reports-ACRs, Parliamentary oversights, disciplinary measures, etc. Accountability of elected functionaries can take several forms, for example, through free and fair elections at regular intervals, monitoring the performance of elected leadership by opposition political parties, the civil society, international observers, the media, opinion surveys, public meetings, etc. Accountability mechanisms equally applicable to politicians and bureaucrats are the Ombudsman office, internal and external audits, public hearings, private watchdogs, anti-corruption agencies, citizen charters, courts of law, etc. Accountability reduces corruption and assures citizens that their governments' actions are guided by needs of the society.

Transparency would primarily imply the presence of public discourse through continuous information-sharing with members of the public and open style of decision making and implementation particularly relating to investment decisions, procurement contracts and important appointments to public offices. It is insufficient that information should simply be made available. It must also be reliable and presented in useful and understandable formats in order to facilitate accountability. It must be widely accessible so that individual citizens from different walks of life can participate in political and economic debates on a well-informed basis. Such information flow helps to ensure a level playing field and encourages effective participation of all social groups. Accountability and transparency make organizations and institutions more responsive to the needs of the poor. They enable the poor to exercise their voice to influence service provision. Without accountability and transparency, organizations and institutions are likely to become corrupt and authoritarian. At the local level, transparency and accountability would require open and regular communication among local administration, local government bodies, NGOs, CBOs and the community as a whole.

In South Asia, accountability of bureaucrats to elected functionaries has not been very effective. This is particularly true of countries where democratic traditions are weakest. At the other extreme, it has also been used to extract political loyalty and illegitimate favours in some parts of South Asia. Elections at the local level have been irregular throughout South Asia, and elections, in general, continue to be plagued by muscle and money power, caste and religious biases and dependency relationships. The office of ombudsman does not exist in most South Asian countries. Internal and external audits and anti-corruption agencies are common to all South Asian countries but these are effective only in varying degrees.

Citizen charters have not been introduced in most South Asian countries. The media is quite vigorous in South Asia and has played a key role in unearthing and investigating corruption scandals and airing public grievances about the quality of service delivery. On the other hand, the efficacy of the South Asian media has also been compromised somewhat because it is being increasingly dominated by "big money" and a narrow ownership base. Currently, there is an extremely limited public access to information relating to budget details, break down of military expenditure, the details of taxation structures or the state of financial institutions.

4.5 Sustaining Motivation

Motivation in the present context implies a willing and conscious effort by all concerned to formulate

and implement poverty alleviation policies, programmes and projects in a sustained manner. Motivation may be divided into two parts, namely functional motivation required to move forward the economic aspects of poverty alleviation programme, and general motivation which make the poor more aware of their overall situation in the society. Motivation is required to maintain project/programme quality in the long run in terms of preventing leakages, speedy implementation and delivery of quality services to intended beneficiaries. It also helps the poor to transit from individualistic to collective level actions, based on common interests. Finally, it is motivation which can make the poor come out of their own weaknesses and divisive tendencies, such as superstition, fatalism, factionalism, caste and gender biases, etc. For the functionaries involved in poverty alleviation programmes and projects, motivation is necessary for keeping them committed to these on a long-term basis, despite inadequate material incentives.

4.6 Leadership and Organizations

Organizations here refer to those *for* the poor such as LGOs, NGOs and CSOs and those *of* the poor such as CBOs. It is obvious that without developing a strong leadership from among the poor at the grass-root level, and strengthening organizations related to them, the South Asian reality will continue to be top-down and not much progress forthcoming either in pro-poor policy formulation or its implementation.

By and large, LGOs remain dominated by local elite throughout South Asia although the prospects for making these pro-poor cannot be underestimated. They are also hampered by lack of adequate finance, jurisdictions and personnel. Notwithstanding their many achievements, over the years NGOs and CSOs in South Asia have faced a number of valid criticisms. One is that they have tended to become bureaucratic/hierarchical with unchanging leadership as expansion took place. Another perceived shortcoming is their lack of accountability to beneficiaries being donor funded and driven. On the other hand, CBOs have been weak and insignificant in most South Asian countries. Leadership from among the poor too was important at neither national nor local level.

4.7 Managing the Policy Process

Policy process in South Asia in general, and in relation to poverty alleviation in particular, has to be understood and improved upon, keeping in view the region's unique characteristics. Firstly, South Asia is noted for a high degree of plurality and complexity covering language, religion, caste, race and political and social systems. Secondly, the poor, women and other disadvantaged sections of society are generally illiterate, inarticulate and demobilized, and hence excluded from making decisions that vitally affect their lives. Thirdly, inherited authoritarian (both feudal and colonial) traditions co-exist with a modern and democratic superstructure. The challenge, therefore, is to put in place and operate policy making mechanisms which will address these realities in a meaningful manner, and at the same time, ensure greater participation of the poor in the policy making process.

4.8 Role of Development Partners

Development partners in South Asia include multilateral organizations such as the World Bank, Asian Development Bank, UNDP etc, bilateral donor agencies and international NGOs from developed countries. The role of development partners is important particularly in those South Asian countries where domestic resource mobilization skills remain low. However, concerns on unfair conditionalities, disregard of local specificities, over-reliance on expatriate consultants have often marred support for donor role. Standardised policy packages pursued by IMF and World Bank has been seen by many as aggravating poverty rather than its amelioration. Many donor field offices suffer from a lack of institutional memory which may render funding strategy whimsical and disjointed.

4.9 GO-NGO Relationship

Providing social services to the poor, disadvantaged, elderly, excluded, women and children is a part of the tradition and culture in South Asian countries. While governments have responsibilities in these areas, voluntary and non-government organisations too have emerged as important actors. It is increasingly realised that a go-it-alone approach benefits neither the government nor the NGO sector in their common goal of faster poverty reduction. While the government has the power and resources, the NGOs have the direct contact and the know-how of working with the poor in the field. An initial phase of mutual mistrust is giving way to a healthy recognition of the advantages of partnerships. The journey remains a long one though many experiences have begun to accumulate.

Chapter 5

A Garden of Hope: Best Practices in South Asia

5.1 Best Practices: Why and What

South Asia presents an abiding paradox for observers both national and international. While macro indicators provide much grounds for routine pessimism, the region also boasts of a wide range of best practices a few of which have attracted global attention. A comprehensive inventory of best practices and a better understanding of what characteristics underlie such best practices has been an important lacuna in the various analysis and initiatives on poverty in the region.

Interest in best practices can stem from two angles:

- For a region belabouring under negative imageries of its record of social and economic change, best practices provide a welcome counterpoint and a source of hope that positive change is possible;
- Best practices are also an important source of lessons for devising anti-poverty strategies. The emphasis here is on adequate assessment and the promotion of creative, successful and sustainable solutions to problems of poverty.

Imageries with their mobilisational potential are thus as important as lesson-learning when it comes to the issue of best practices. But this also underscores the analytical challenge in identifying and documenting what constitutes best practices in South Asia. What characteristics underlie a 'best practice'? How do ideas about best practices gain attention? How to adapt a best practice to local conditions? Which components of the practice are essential? Engaging effectively with these questions is critical if the focus on best practices is to yield any value.

The idea of best practice does not pertain only to organizations. It also extends to process and even to state experiences. Experiences from East and South-East Asia for example demonstrate that it is possible to achieve a high level of social development (and mitigate the worst manifestations of poverty) even without economic development as a necessary pre-condition, if the government sets the right priorities. South Korea and Malaysia offer a variety of routes to high educational status, decreased child mortality, and low fertility. The timing of social investment in these countries came early in their development process, despite low levels of per capita incomes at the time. There were significant synergies between interventions in health and education, synergies which were critical to the success of each area of investment. Another crucial 'best practice' feature lay in women's 'agency' role i.e. the freedom women have to work outside the home, the freedom to earn an independent income, the freedom to have ownership rights etc.

The idea of best practice, however, adhere most frequently to innovative solutions to everyday poverty problems. For example, substandard and insecure housing conditions are recognised as a crucial aspect of urban poverty. In most large cities in the developing world, the formal housing market serves only a minority of the population. It is estimated that between 30 and 70% live in 'irregular' settlements and that up to 85% of the new housing stock is produced in an extra-legal manner. However, effective solutions to this problem have been slow in coming. Relocation schemes, social housing, slum upgrading etc. are beset by two related problems: they are far too small-scale to serve the growing demand, and products are far too expensive to be affordable for low-income groups. One author cites the conventional sequence of *planning-servicing-building-occupation* as a key factor in both market and state failures.[12] Each of these steps lead to a steep price increase and speculation, and in effect raw land is turned into a scarce and expensive commodity. Reversing this conventional sequence may be critical to finding more effective solutions. Instead of a big planning approach, housing and infrastructure are developed and improved incrementally, according to the needs and capacity of residents. Hyderabad's (Pakistan) incremental development scheme 'Khuda ki Basti' is a clear best practice in this direction; the programme has effectively enhanced the supply of land and housing for low-income groups. Replicability of such programmes is a question of political will rather than a technical one. Vested interests in both formal and informal land markets are likely to put up stiff resistance against serious reforms in this sector.

Since the lived reality of poverty is multi-dimensional, the search for best practices can extend to a multitude of areas. However, though best practices can cover a wide ground, some core characteristics are critical:

- Best Practices are innovative: A Best Practice has developed new and creative solutions to common problems of poverty and social exclusion;
- Best Practices make a difference: A Best Practice demonstrates a positive and tangible impact on the living conditions, quality of life or environment of the individuals, groups or communities concerned;
- Best Practices have a sustainable effect and are cost-effective: A Best Practice contributes to sustained eradication of poverty or social exclusion, especially by the involvement of participants. It is also cost-effective;
- Best Practices have the potential for replication: A Best Practice can serve as a model for generating policies and initiatives elsewhere once suitably adapted to the local conditions.

5.2 The Importance of Documentation and Dissemination

For the larger goals of image-building and lesson-learning, best practices have no value if they are not efficiently documented and appropriately available for dissemination. Carefully documented case

[12] Santosh Mehrotra, Senior Economic Adviser, UNICEF, 'Good practices in social policy: Lessons from high-achieving countries', *ISSC/CROP/MOST Workshop on Best Practices in Poverty Reduction*, Amman, Jordan, 10 November 1999

histories can provide excellent guidelines for policy making and planning of new projects. A best practice data-base can build a bridge between empirical solutions, research and policy. It is important however that case histories simply do not become an organizational description as is often the case in many accounts of best practices. The case study format has to follow from the broader objective of lesson-learning. Ideally, the format should have four sections:

i. *Background:* Context and organizational information should be tightly described here;

ii *Best Practice Features:* What marks out this case? The features which makes this a best practice should be distilled and described here preferably in bullet form;

iii. *Impact:* This is where the question of evidence becomes important. Best practices are effective to the extent they are credible and an evidence-based account is critical to building this credibility;

iv. *Replicability Potential:* All features of a best practice are not necessarily replicable in other contexts. What is replicable and what must be adapted and how - an honest assessment of these thorny questions should form the last section of the case study.

Best practices are not mere ornaments for a report. They are a crucial knowledge-base to power the social struggle to combat the scourge of poverty. This knowledge-base needs to be continuously up-dated and up-dated through effective and credible institutional arrangements. South Asia lacks such a evidence-based knowledge store-house and a SAARC-level initiative in this regard may indeed be very timely. A concrete proposal in this regard is included in the operational recommendations of this Report. However, to underscore the value of the focus on best practices in South Asia, illustrative case studies bearing on various dimensions of poverty have been assembled in the next section.

It should be noted that these case stories are not all in the ideal format recomended earlier. Some may have replicability limitations. They do indicate, however, the manifold ways in which poverty is being addressed in South Asia and thereby serve to underscore the urgency of a more organized initiative to distill the best practies from the such efforts.

5.3 A Garden of Hope: Illustrative Cases dealing with Problems of Poverty in South Asia

5.3.1 Theme: Natural Resource Management and Conservation

Case 1: Annapurna Conservation Area Project (ACAP) and Ecotourism (Nepal)

The King Mahendra Trust for Nature Conservation (KMTNC) launched the Annapurna Conservation Area Project in 1986 covering 7629 sq. miles as an innovative concept in the protected area management system of Nepal. The conservation area embraces a multiple land-use principle of resource management combining environmental protection with sustainable

community development. Traditional subsistence activities are woven into a framework of sound resource management, supplemented by conservation, development and alternative energy programmes to minimise the negative impacts of tourism and enhance the living standards of the local people.

Annapurna is the most popular tourist destination drawing more than 60% of the country's total trekkers. ACAP is spread out in 5 districts of the Western Development Region of Nepal and is divided into 7 unit conservation offices. The focus in the Jomsom, Manang and Ghandruk area is on integrated tourism management and agro-pastoralism. Programme priorities in Bhujang, Sikles and Lwang area is on poverty alleviation, integrated agriculture and livestock development, ago-forestry and community development. The focus in Lho Manthang and Upper Mustang area is on sustainable tourism and heritage conservation combined with alternative energy, resource conservation and community development.

The success of the ACAP has laid the basis for a new initiative to bring the wet and wild Kanchenzondga region in the northeast to be the next eco-tourism model. In July 1997, 1650 sq. miles of Taplejung district was declared the Kanchenzondga Conservation Area Project (KCAP). A unique aspect of the KCAP is its transnational dimension. The proposed Tri-National Park envisages a joint conservation effort by Nepal, India and China.

Case 2: Water Panchayat in Rajasthan (India)

Rajasthan is one of the driest States of India with regular recurrence of droughts. Traditional water harvesting structures that were used to store and conserve water faced a gradual decay as increasing population pressure, deforestation, large-scale migration and a dependent mentality took hold. Large parts of the State were listed as a dark zone as ground water table was extremely low. Responding to the crisis, Tarun Bharat Sangh (TBS) was established in Alwar district in March 1975 with a mission to harvest and conserve water through a revival of traditional water harvesting structures called johads and construction of new structures. The TBS mobilized people by undertaking padyatras and holding Panchayat meetings. The organization extended its activities to a holistic treatment of the catchment area of its water structures by taking up afforestation work. Tying of Rakhis on the trees was one of the symbols used by TBS to encourage people to plant and protect trees. Projects were financed by peoples' contribution and assistance received from philanthropists and other organizations, including Council for Advancement of Peoples Action and Rural Technology (CAPART). Over the years, TBS has built more than 4500 water harvesting structures based on indigenous technology and with locally available material. The community maintains these structures. In the process, the carrying capacity of land for fuel, fodder and food grains has increased considerably. Agricultural land under cultivation in the villages falling in the watershed has increased from around 20 per cent in 1985 to close to 100 per cent at present. Diversification of livelihood opportunities especially dairy industry is clearly visible in the area. Five rivers of the area viz., Arvari, Ruparel, Sarsa, Bhagani & Jahajwali that had dried up earlier have become perennial. The then President of India, Shri K.R. Narayanan visited Hamirpura village in Alwar in the year 2000 and felicitated the villagers for their work on rain water harvesting, rural

engineering and revival of the river Arvari. Shri Rajendra Singh, the Director of TBS whom the villagers fondly call the Johadwala Baba or 'the bearded man of the check dams' was awarded Ramon Magsaysay award for community service in year 2001.

The availability of water in rivers and ponds created its own problems. Villagers around the river-bed had started growing water-intensive crops like paddy and sugarcane. Diesel pumps were installed by farmers to irrigate crops for long periods of time, creating water scarcity and conflict among the village community. This was a major problem faced by the TBS. To resolve the problem and to ensure that every villager received a fair share of water, a village parliament was formed in the catchments of these rivers. The members of this parliament are drawn from all the villages in the watershed area of the river. They decide the rules regarding the use of river water and the villagers themselves strictly enforce these.

Though TBS and its movement for water harvesting and conservation have received accolades within the country and outside, there have been problems between the State agencies, specially the Irrigation Department and the villagers. Irrigation Department claimed authority over every drop of water. Questions of legality and safety of the constructed structures were raised. Attempts were made by the government agencies to demolish some of the structures which violated agreements signed before Independence between Princely States. However, these conflicts were resolved through the intermediation of civil society organizations and environmental activists.



Case 3: Community Forestry and Leasehold Forestry (Nepal)

Handing over accessible forest areas to local communities is an innovative scheme allowing stakeholders to manage forest resources. The Community Forestry programmes are built on the participation of local people and their indigenous knowledge, and the use of participatory approaches to help local communities improve their organizational structures and management of trees and resources. Such strategic approaches have been adopted in Nepal for the last 20 years. Of the 5.5 million hectares of potential forests, 61 percent has been identified as potential community forests. Community forestry has involved both political and technical work: the political role includes empowerment of the poor, specially women, so as to ensure their active involvement in decision-making and benefit-sharing process within forest user group (FUG); the technical role includes forest management skills that need to be provided to FUG members for sustainable and effective management of forest resources.

The leasehold forestry for the poor is another innovative scheme based on common resource management where degraded forestland is given in long-term lease to poor communities. The Hill Leasehold Forestry and Forage Development Project (HLFFDP) has since its operation in 1993 spread to 10 districts covering 5553 hectares of degraded forestland and 8773 poor families organized into 1306 leasehold groups. Beneficiaries include women and different ethnic groups and occupational castes. The programme has been very successful in increasing the resource base of the poorest households in the communities dependent on forest resources for their livelihood and fuel-wood.

Case 4: Resettlement of Landless People and those Living on Degraded Lands (Bhutan)

There are a substantial number of landless and land-poor households in Bhutan, households having either little or no land and dependent on slash-and-burn agriculture. The National Assembly of Bhutan discussed this issue of landlessness during the mid 90s and resolved that resettlement should be given priority. Accordingly, a systematic identification of landless and near landless farming households took place. Resettlement is implemented only for those farm-households who are interested and willing to take up living elsewhere. Therefore, the number of farmers willing to be resettled is actually lower than the total number of landless and near-landless farming-households. Periodic resettlement has come to be the most targeted poverty programme carried out by the Royal Government of Bhutan for the poor. The Royal Government has also adopted a policy of gradually phasing out swidden cultivation (tsheri) which at one time accounted for nearly a third of the cultivated area. To promote environmental preservation combined with better livelihoods for farmers, resettlement programme is targeted to those households who depend on degraded natural resources for their food security.

The first resettlement project, the Norbuling and Sershong Resettlement Project, was launched by His Majesty the King in 1975-76 for landless households who were relocated from Zhemgang and Trongsa districts to Gaylegphug where the development potentials were higher. The process of verification of the landless farming households is extremely rigorous and could take up to three years before a free plot of land is awarded. The information about land-holding, if any, of prospective settler is verified against official land registration and further screened by elected heads of the gewogs and district authorities. In the resettlement area, plots for farm-lands are numbered in clusters of 20 to 40. Plots are allocated by drawing lots; individuals applicants do not have the right to choose a plot within an area. The size of resettlement community ranges from 20 to 40 houses; this makes a settlement size efficient for the provision of social and economic infrastructure.

In the resettlement programme, the allocation of free land of about five acres, comprising of 4-5 acres of cultivatable land and 0.5 acres of house-construction plot, is supplemented by provision of a range of subsidies and infrastructure to make the settlers self-reliant within a few years. Roads, water supply, seeds, seedlings, irrigation channels, farm tools, and housing construction timbers are provided free of charge in the first year of setting up new homes to ease the transition period for settlers. Resettlement of landless and marginal farmers have contributed to marked alleviation of poverty and reduction of environmental pressure on degraded land.

Case 5: Environment Friendly Sustainable Tourism (Maldives)

Tourism plays an important role in the economy of the Maldives providing 17 percent of GDP, 25 percent of revenue and around 60 percent of foreign exchange earnings. Maldives capitalizes

on its comparative environmental advantages of 1,190 islands and 26 atoll formations enclosing azure lagoons, pristine beaches and a stupendous variety of marine life. The Maldives concentrates on upscale, international tourism by deliberately pricing itself at the upper end of the market, thus making sure that it gets the maximum monetary benefit without the negative environmental impact. There is a tremendous awareness of environmental issues at the highest levels of Government which has adopted adequate strategies to preserve the natural environment by the prudent use of natural resources. Resort development is allowed on only a limited number of uninhabited islands: only one-fifth of the island is allowed to be built on, and no construction is allowed to exceed the height of the coconut trees. Garbage and waste disposal is a big problem. Aside from plastic trash bags for tourists to take home, every resort has an incinerator that burns excess rubbish, bio-degradable waste is turned into compost, sewage is treated before it is piped out into the deep sea outside the lagoon area. The Government has played a key role in promoting tourism on unoccupied islands minimizing the social and cultural side-effects of mass tourism by confining tourists to resort islands where there is very little interaction with the local population. Local management and ownership of the industry and high level of participation of the local labour force has helped to improve the livelihoods of families in the urban as well as rural areas of the country.

5.3.2 Theme: Social Welfare

Case 6: Indigenous Philanthropy (Pakistan)

In Pakistan, over the past 20 years there has been an exponential rise in private voluntary citizen initiatives to support the poorest of the poor. Indigenous philanthropists both individual and corporate givers, have donated money, goods or time and are playing an increasingly larger and significant role in the provision of social services to poor communities in both urban and rural areas. Self help efforts by poor and disadvantaged communities have been augmented through technical and financial support from a growing number of increasingly professional non-profit intermediary development organizations. It is estimated that in 1998 alone, individuals gave an estimated Rs. 41 billion in cash and goods and volunteering equivalent to Rs 30 billion. The total of Rs. 70 billion is substantially higher compared to government expenditure on social sector development. The full picture of indigenous philanthropy for 1998 is shown below:

Category	Amount (Billion Rs.)	%
Volunteering	29.4	41
Zakat Money	13.7	20
Non-Zakat Money	16.0	23
Gifts-in-Kind	11.3	16
Total	70.4	100

Case 7: Health and Education Delivery (Sri Lanka)

Sri Lanka's impressive achievements in human development is largely a result of the massive investments made by the government in the human capital formation particularly in the sectors of education and health. In the post-independence era, the government of Sri Lanka adopted number of important policies including the Free Education Policy aimed at providing the education facilities free of charge from the primary level to the university level. Such policies have provided the poor with the opportunities to participate in the human development activities and thereby to raise their social and economic status to move out of the poverty level. Provision of free school textbooks to students from grade 1-11 is also a crucial programme initiated by the government in order to enhance the quality of the education and improve learning outcomes. The programme covers about 4 million students in over 10,000 schools all around the country. In addition, there exist number of state-sponsored incentive programs aimed promoting school enrolment and attendance among the children. These include the free school uniform programme, mid-day meal programme and provision of subsidized public transport for school children. These programs have largely benefited the children from the poor families who would not have otherwise been able reap the benefits of education. In addition, Sri Lanka has a long history of providing its population with a large array of free healthcare services through a wide network of infrastructure. These health care services include medical facilities, hospitals, health personnel, medical equipment and supplies. Today, a basic healthcare facility (indigenous or western medicine) can be found within less than two kilometers of any household. The health care system also addresses the problems associated with various communicable and non-communicable diseases and also has a strong immunization against diseases such as tuberculosis, tetanus, polio and measles. Moreover, child and maternal care as well as various nutrition related issues are also covered extensively by these health delivery programmes.

Case 8: Pro-Active Welfare State (Bhutan)

Homelessness and chronic hunger have been absent in Bhutan, and drastic relief measures are generally not required. At present, most of the manual jobs in the construction sector are taken up by immigrant workers, given the lack of Bhutanese to take them due to cultural reasons. The Royal Government has focused on long-term preventive anti-poverty strategies which include: provision of free agricultural extension services and agricultural inputs including machinery, seeds, breeds of various livestock; provision of free education, free health care, free piped water supply; provision of infrastructures such as roads, rural telecommunications, subsidized electricity and subsidized rural construction timber for rural houses.

Case 9: Universal Basic Education For All (Maldives)

Rapid progress has been recorded by the Maldives in the provision of universal education and the stage has been reached where even the smallest most remote islands have been provided with a school. School enrolment rates for girls approximate those of boys and are equally high.

The commitment to basic education finds expression in a very high adult literacy rate, averaging 98 percent of the adult population. The main challenges for the future identified are in quality issues: some schools are not adequately equipped and 10 percent of the atoll population are found on islands with schools that are still without drinking water and toilet facilities. In 2000, the 22-Schools Project was launched aimed at addressing these issues through the provision of basic resources and training inputs to the least served island schools with a special focus on continuing education and skills development. Improving the quality and level of girls' education by focusing on girls' completion of the basic education cycle, access to secondary or alternative forms of education, and creating awareness to eliminating gender gaps are also covered under the project's mandate. Project activities include professional development of teachers, with a focus on multi-grade teaching and gender issues, training of Head teachers in resource and facility management, curriculum management and student services and facility management, curriculum management and student services, and school health services including adolescent girls' reproductive health, provision of strategic resources for curriculum implementation, and, teacher exchange between under-privileged schools and Male schools.

Case 10: Female Secondary Stipend Project (Bangladesh)

The Female Secondary Stipend Project has been a successful national initiative to enhance enrollment of girls at the secondary level and ensure their completion of the secondary cycle. The project operates on three strict criterion, namely, each beneficiary must show 75% attendance rate, must secure a minimum of 45% marks in final exam, and must be unmarried till matriculation. All girls in the relevant age-group are eligible. The programme was started in 1994 and has gone to become one of the largest public sector projects. The success of the project has led to its extension to the higher secondary level from 2002. Not only has enrollment and completion rates increased, boy-girl disparity in results has significantly narrowed.

5.3.3 Theme: Women's Economic Empowerment

Case 11: SEWA (India)

Self-Employed Women's' Association (SEWA) was registered as a Trade Union in 1972 in Ahmedabad, India. It was a movement to organize urban self-employed women to strengthen their bargaining power to improve incomes, employment opportunities and access to social security. SEWA was a culmination of the realization that provision of timely credit for poor women, particularly poor self-employed women who worked as hawkers, vendors, home-based workers and other service providers was a major constraint and formal banking channels were unable to respond to their requirements. The self-employed women were, therefore, forced to take recourse to moneylenders who charged exorbitant interest rate that led to their perpetual indebtedness. In order to obtain loans from nationalized banks for SEWA members, Shree Mahila SEWA Sahkari Bank was established in 1974 by a group of 4000 self-employment women who were members of SEWA as a cooperative bank. The bank since its inception has gone through various phases and experimented with many innovations in providing financial services

to the self-employed women. It funds women engaged in activities in the unorganized sector. The clientele of the bank is largely urban with 70 per cent of its members from urban areas and 30 per cent from rural areas. Hawkers, vendors and small business women selling vegetables, fruits and other food items, home-based workers like weavers, potters and other artisans, labourers and service providers are extended financial assistance for different activities. The bank provides a range of savings, loan and insurance services for income generation, emergency loan for consumption, housing/infrastructure upgradation loans, personal financial counseling and training programmes on effectively using a bank account. The bank in initial years only mobilized deposits from its own depositors and acted as a facilitator for its members to access loans from the commercial banks. From 1976 onwards, the banking operations of the bank started and it gradually withdrew from credit arrangements with the nationalized banks.

The Bank experimented with a new approach in its outreach programme in the year 2000, by developing a team of 'hand-holders', each team consisting of 15 team workers to service 400 to 500 clients in a designated area of Ahmedabad city. Hand holders are assisted by Bank Saathis, community leaders servicing financial needs of the women. Hand holders and Bank Saathis act as guides, motivators; provide assistance in accessing loans and repayment and a host of other services including training to operate bank accounts. The success of this approach is exemplified by Samtuben, a headload worker - who was of the view that "If Lakshmiben my area Banksaathi, did not come to me everyday to collect savings of Rs.10, I would never have had a total savings balance of Rs.4000 today. I plan to double the money by putting it in SEWA Bank fixed deposit for 7 years and then use it for my (now) 13 years daughter's wedding." They also facilitate linkages of these women with other SEWA organizations. They enabled the bank to reach more women and ensure timely repayment of the loans. The Bank in the 2000-01 had 25,464 members.

The SEWA bank in addition to funds mobilized by its own members and depositors, has also networked with other financial institutions for longer term infrastructure loans. The Bank provides loans without any collateral; however, a guarantor who is formally employed is required for loans. The maximum loan limit at present is Rs.25, 000/- per individual. The bank charges market rates of interests from its clients without any subsidy and its repayment rate is close to 94 per cent. The Bank made a profit of Rs.18.22 lakhs in 2000-01.

Matching of collection schedule with cash flow of the beneficiaries, continued contact for sustainability of the endeavour, and the need for information sharing and training in order to empower women have been internalized in the functioning of the SEWA bank. The SEWA bank experiment proves that poor women can save, take loans and repay the loans at market rate of interest provided the banking organization is user-friendly and flexible enough to adapt to the requirements of the poor.



Case12: Women's Corner in Market-Centres (Bangladesh)

A key constraint to greater participation of women in trading and marketing activities is the physical environment of market-centres which tend to be highly unfriendly for women. Lack of toilet facilities, inability to compete for physical space and generally inhospitable environment

deter women from playing a larger role in the market-centres. With these constraints in mind, Local Government Engineering Department (LGED), a government agency, has launched the Women's Corner Project within its larger rural development strategy of building growth centres in the rural areas. Within each selected growth centre, a separate structure containing several outlets and common facilities are being built to accommodate poor women entrepreneurs. The women sign lease contracts with the municipal authorities on prescribed formats prepared by LGED. The premise can only be used for trading and marketing activities. The project is in its early stages but has generated significant enthusiasm.

5.3.4 Theme: Health-care Services for the poor

Case 13: SIND Institute of Urology and Transpalntation (Pakistan)

Over 13 million people suffer from kidney and related diseases in Pakistan of whom 15 thousand die every year due to inability to procure treatment. Average cost for lithography is 600 dollars, for dialysis 3000 dollars and for transplant surgery 9,000 dollars. Sind Institute of Urology and Transplantation (SIUT) established in 1972 is a 300-bed complex is the largest centre for renal diseases and transplantation in Pakistan offering free of cost kidney treatment in the field of Urology, Nephrology and Transplantation to thousands of poor and deserving patients annually. In 2001, over 191,000 patients were treated free – almost all of whom would otherwise have been unable to avail of the required treatment. In 2002, the Institute registered 6500 in-patient admissions, provided emergency care to 23000 patients and attended 66000 patients in twelve specialized outpatient clinics. The Institute has provided organ-replacement therapy to over 800 patients, lithography treatment for fragmenting kidney, urethra and bladder stones without any surgical operation to over 8500 patients and dialysis services to carry out more than 36,000 sessions a year. The Centre has been established through generous donations by philanthropists.

Case 14: Edhi Foundation Ambulance Service (Pakistan)

The privately established Edhi Foundation has raised the largest fleet of ambulances in Pakistan with an unparalleled record of quick response for victims of road and other accidents. Its nation-wide network equipped with the latest communication system covers even the remotest areas of the country. A fleet of over four hundred ambulances, field mobile units and rescue units, which comprise this network, are maintained in a state of readiness to meet any emergency in the shortest possible time anywhere in Pakistan. The Air Ambulance Service helicopters and fixed wing aircraft-based emergency service supplement the services of the network which cover evacuation, transportation of doctors to remote locations, inter-hospital transfers and search and rescue of stranded persons. Edhi Foundation is the largest and most organized social welfare system in Pakistan, an unique example of what ordinary people can achieve through sincerity of purpose, dedication and perseverance.

5.3.5 Theme: Technology Applications for the Poor

Case 15: Village Pay Phones (Bangladesh)

The introduction of Village Pay Phone (VPP) in rural Bangladesh based on use of cellular technology represents a unique experiment in high-tech communication in a traditional low-tech setting. An initiative of Grameen Bank, VPP has been a successful attempt to leapfrog the technological barrier for rural areas where the prospect for expansion of the government-run telephone system remains rather distant. Poor rural women selected from amongst Grameen borrowers are given a loan to acquire a cell phone from Grameen Telecom, a not-for-profit company holding 35% of the share of the largest cellular operator in Bangladesh, namely, GrameenPhone. The operator utilizes the cell phone as a pay phone for the village population. The VPP is operated through a unique combination of commercial, government and voluntary organisations and private interests. The interaction of state, market and third sector represents a sound management structure. The women have gained social recognition as 'telephone ladies' in their localities as they are seen to provide a key service to the community often ensuring that overseas migrant workers can talk directly with their families or farmers can access relevant market information. Increased labour mobility and greater market integration indeed has created a significant demand for telephone services amongst the rural population including the rural poor. The VPP thus fulfills a growing social need. At the same time, it acts as a direct vehicle for poverty alleviation as it allows the operators to significantly enhance their income levels often averaging between 100 to 200 dollars a month. The operator's income is derived from the differences between the airtime charges paid by customers and the billed amount required to be paid by the VP operator.

Since its introduction in March 1997, the number of VPPs has crossed the 2) thousand milestone by September, 2002. The program has spread to more than 19 thousand villages in 51 of the 64 districts of Bangladesh. The introduction of a high-tech device in a traditional setting has in fact gone remarkably well and the spread has been quite rapid.

Case 16: Choupal Project of ITC (India)

The E-Choupal model was developed by the International Business Division of ITC to leverage information technology to provide information to farmers on different products and services that they need to enhance farm productivity, get better price realization and reduce transaction costs in input purchases and product marketing. E-Choupal enables farmers to access current local and global information on weather, scientific farming practices as well as market prices for the inputs and products in the village itself through the web-portal. The Choupal provides information to the farmers in the local language that they can understand.

The E-Choupal was initiated by the ITC as an alternative supply chain management to overcome the inherent disadvantages that corporate sector faces in agriculture business in India. Fragmented and small farmers, infrastructure bottlenecks and presence of large number of intermediaries characterize the agricultural sector. Quality control, crucial to international trade in agricultural commodities, becomes difficult in such a situation. The E-Choupal tried to

overcome some of these limitations. Before E-Choupal is set up, extensive back-end work is conducted by the company officials in village survey, mobilisation of people, identification of local leaders and training of the Sanchalak for using the infrastructure to make Choupal operational.

An Internet kiosk is set up in the house of a lead farmer who is known as the Choupal Sanchalak. The ITC has also taken care to integrate the local middlemen in its network to leverage their knowledge about farmers and market structure by involving them in the operations as Choupal Samnyojaks or coordinators. Both the functionaries, the Sanchalak and Samnyojak are required to take an oath in public for maintenance of transparency in functioning of the Choupal.

Estimates made by the ITC indicate that transactions made in the Choupal create a win-win situation for the farmers as well as the Company. A farmer by selling his product through the Choupal saves money on bagging, transportation, loading, unloading and other wastages and charges that he would have to incur if he took his produce to the Mandi. ITC saves money by getting direct access to the farmers and eliminating middlemen. In addition, quality of product is also ensured. A 10 per cent commission on the sales executed through Choupal is charged, of which 50 per cent is passed on to the Choupal Sanchalak for meeting his cost of running the kiosk. Many other companies have also joined hands with ITC to use E-Choupal as a delivery mechanism for fast moving consumption goods and other items needed by the farmers.

E-Choupal was first launched in June 2000 in Madhya Pradesh for soybeans. It is presently functioning in over 4500 villages through 770 kiosks in Madhya Pradesh, Karnataka, Andhra Pradesh & Uttar Pradesh. The Choupals in different States cover different products. Aqua-Choupal in Andhra Pradesh covers fisheries, plantersnet.com in Karnataka is for coffee and in Uttar Pradesh wheat transactions take place in the Choupals. In setting up the Choupals which cater to specific crops, individual crop characteristics are taken into account while designing the choupal system configuration.

The ITC proposes to extend this facility to a range of crops and other services including insurance. An important feature of E-Choupal is that unlike contract farming undertaken by many corporates, in E-Choupals, there are no contracts. The farmers can access information without any obligation to grow products required by ITC or to market their product to ITC.

The E-Choupal concept can be further strengthened and made more useful to the farming community if it is also networked with extension workers of both private and public undertakings for educating farmers about the new crop varieties and agricultural cropping practices. Though the Choupal provides a range of information, facilities for product marketing cover only one crop. The farmers have to depend on other channels of marketing for other crops and it may affect development of strong bond between the Choupal and the farmers. Infrastructural constraints of road connectivity, electricity, timely provision of repairs and maintenance facilities E-Choupals could also be a major constraint in rapid expansion of this concept. However, with improvements in availability of power, road connectivity and other infrastructure, E-Choupals could become a major center in rural areas for marketing of information, knowledge, inputs and outputs.

Case 17: Mechanization of Fishing Boats to Transform Fishermen's Lives (Maldives)

Reversing several centuries of traditional fishing by sailboat, mechanization of the masdhoni (fishing boats) has truly contributed to trade and the alleviation of poverty. The rural fishermen doubled their fish catch and their incomes increased considerably. An improved design and mechanized masdhoni, called the "second generation" fishing boat, was developed and introduced, providing versatility and ability to travel further to fishing grounds that traditional masdhoni could not. Since fishing boats were traditionally owned and operated at the community level, the project made a huge impact on people's incomes. It would be no exaggeration to say that the lives of the rural island population as well as Maldivian fisheries were transformed as a result of the project. The resulting loan scheme was the first large-scale credit programme in the country. It was the first time fishermen had borrowed money from an institution, yet the repayment rates were almost 100%. Today 90% of the fishing boats or masdhoni in the Maldives are mechanized.

Case 18: Information Village Research Project (India)

The Information Village Research project (IVRP) is an experiment to deliver knowledge to the rural population by harnessing developments in information and communication technology. It has been pioneered by the Swaminathan Foundation in 1998 in collaboration with International Development Research Centre (IDRC) Canada, Canadian International Development Agency (CIDA), Ford Foundation and Department of Science and Technology, Government of Pondicherry. The objectives of IVRP were to set up village information shops that would enable rural families to access information by using modern information and communication technologies, training the rural youth in organization and maintenance of the information centres and collection, updating and dissemination of information. Eleven villages in Pondicherry have been connected to a hybrid wired and wireless network consisting of PCs, Telephones, VHF Radio, Duplex Devices and E-mail connectivity through dial-up telephone lines that facilitate both voice and data transfer. The entire project functions on a participatory principle with the local community playing a strong role in site selection and choice of volunteers 50 percent of whom are women. Though all the village centers perform similar functions, their management patterns have evolved in each village. In one village the Village Development Council manages the system; in another, it is managed by women SHGs with the help of village temple trust.

The IRVP maintains databases on the following topics:

- Current information
- Information on government schemes and programmes
- Citizens charter of different government departments
- Information on use of agricultural inputs
- Information on health treatment

- Educational information
- information on general matters.

The data-bases are periodically updated and are maintained in local vernacular. The IRVP has also created Rural Yellow Pages and permits people to insert advertisement that can be accessed locally. The usefulness of this experiment can be gauged by the fact that when in one of the villages sugarcane crop was affected by 'red-rot' disease, a volunteer of a Knowledge Centre contacted a sugarcane expert through e-mail, gathered information on steps to be taken to control the disease and transmitted it to all the villages connected to the network. This information was used by the farmers to save their crops.

The Swaminathan Foundation has also supported many such initiatives in Tamil Nadu, Pondicherry, Kerala and Orissa. In Dindigul district of Tamil Nadu an online website called " Oddanchatrammarket.com" was set up by Reddiarchatram Seed Growers Association (RSGA) and a federation of Self Help Groups with technical assistance from Swaminathan Foundation. This site provides information on daily prices of vegetables, fruits and dairy products sold at the Oddanchatram market. The Chennai-based "n-Logue Communication Pvt. Ltd." has set up internet kiosks in Tamil Nadu, Madhya Pradesh, Maharashtra and Rajasthan under the brand-name "Chiraag" which stands for "light" in villages. The company plans to set up another 40,000 such kiosks across the country. Indian Institute of Technology, Kanpur has recently come up with an "Info thela", a mobile information center run on solar powered batteries which caters to the information needs of the villagers. These initiatives demonstrate the fact that modern technology can be harnessed to bridge the social divide and promote equitable growth.

5.3.6 Theme: Urban Services for the Poor

Case 19 The Orangi Pilot Project (Pakistan)

The Orangi Pilot Project (OPP) was pioneered as an urban sanitation model for the poor by Dr Akhtar Hameed Khan who had earlier pioneered the internationally renowned Comilla model of rural development. The OPP started in 1980 in a Karachi Katchi Abadi (slum area) of about a million squatters called Orangi. The program include a peoples' financed and managed Low-cost Sanitation Program; a Housing Program; a Basic Health and Family Planning Program; a Program for supervised Credit for Small Family Enterprises Units; an Education Program; and a Rural Development Program in the villages around Karachi, Pakistan. The project was based on the premise that if external infrastructure of trunk sewers and treatment plants was assured, the community could afford and cost-effectively run the internal components of sanitation: house latrine, street and connector sewers. Once sanitation coverage was achieved, the appreciation of its links with health by the community led to a health and family program.

Case 20: Urban Waste Management (Bangladesh)

Dhaka with a population of 6 million within its metropolitan boundary of 344 sq.km generates around 3000 metric tons of municipal solid waste per day. Only 42% is collected; rest lies on road-sides, open drains and low-lying areas. Waste Concern, a local NGO, has developed an innovative solution to this massive problem based on decentralized composting integrated with

primary collection of solid waste. The innovation drew on two critical research conclusions: firstly, that like other mega-cities, more than 50% of waste generated is disposed of in environmentally unsound and unfriendly ways, and secondly, that a large informal sector industry exists in Dhaka which recovers and recycles solid waste. Much of this recycling activity focuses on the inorganic part of the waste, reusable and recyclable materials which can be sold entrepreneurs. However, the recycling ignored the organic part of the waste. The project has demonstrated that the this organic fraction of the waste can be converted into a valuable resource i.e. compost, through a number of small-scale decentralised private micro-enterprise (composting plant) using appropriate technology and involving the private sector as a link between the suppliers of raw waste and end-users of compost. Since the completion of the pilot phase, Dhaka City Corporation has undertaken to replicate the model in 4 of its wards. Further replication in other urban centres of the country are expected.

Case 21: Khuda Ki Busti (Pakistan)

Katchi Abadis (shanty towns) are a market response to the inability of the present land development system in Pakistan to provide sufficient, affordable, developed land. The emergence of Katchi Abadis is the informal sector's response to meeting the housing needs of low-income groups. Their growth is largely the result of the exclusion of the low-income groups from allotment of developed land by the Development Authorities. It is also a glaring indication that society has failed to integrate planning with the grassroots realities.

There is consensus among all development practitioners that providing built-up units to the shelterless is neither feasible nor desirable. Where the backlog is severe, no government would have enough resources to provide housing to each family at the expense of the state or even at subsidized rates. The experience of Khuda ki Basti - a land and shelter project that imitates the way illegal squatters provide housing for themselves has demonstrated that the basic need of shelterless people is a plot of land with minimum services where they can build their houses with their own resources and in their own time. The Khuda ki Basti housing project was developed by a significant number of low-income families willing and having the capacity to pay for services provided the cost is recovered in easy installments.

5.3.7 Theme: Social Mobilization

Case 22: South Asia Poverty Alleviation Programme (SAPAP) - Andhra Pradesh, (India)

Following ISACPA report of 1992, SAPAP was launched in all the SAARC countries as a UNDP supported programme to build institutional capacity to tackle poverty through social mobilisation and replicate the experience on a larger scale. In India SAPAP was taken up in three backward districts of Andhra Pradesh (AP), viz., Mahbubnagar, Ananthpur and Kurnool. The programme was focused on three objectives: social mobilisation, training and skill development, and, capital formation. The poor in the selected villages were organized at three levels: homogenous self-help groups of the poor (SHGs) at hamlet and sub-halmet level, SHGs

in a village were organized under village level organizations (VOs), and thirdly, VOs were federated at Mandal level through the Mahila Mandal Samakhyas. Women were the main participants in the programme as they comprised close to 90 per cent of the total membership in SHGs. Training and skill development programmes were conducted for SHGs which included training for income generating activities and skill training for conducting meetings, elections and rotation of group leaders and shouldering of responsibility for handling various activities of the SHGs. For capital formation, the SAPAP strategy was to encourage small savings and internal lending among the SHG members. Funds were also provided to SHGs by creating linkages with government programmes and other institutions providing micro finance. An institutional linkage was also forged with Non Government Organisations (NGOs) working in the project districts:18 partner voluntary organizations were associated with SAPAP programme and entrusted with the task of social mobilisation and capacity building through a network of 22 community coordinators and 121 community volunteers. Each community worker was assigned 5 to 6 habitations. The SAPAP also received strong support and backing from the Government of Andhra Pradesh.

Women SHG's have emerged as a platform for tackling social evils that prevail in the society. Child marriage, violence against women, child labour, poor condition of widows, liquor consumption, the practice of Jogini where a woman is married to a God; a system similar to the devdasi system, have been tackled by the SHGs. SHGs of single women were formed in one of the villages in Kurnool district. It created a demonstration effect and single women formed SHGs in other villages as well. These SHGs federated into a group called 'Jeevan Rekha' i.e. 'life line' which is open to widows, destitutes, deserted, divorced and never-married adult women. Many SHGs have taken legal action for atrocities against dalit women. They have participated in Panchayat elections and won as sarpanches and ward members. A Mahila bank was also formed by one SHG in Kurnool district. However, evaluation reports also indicate that access to micro-credit became the major programme objective and the basic objective of creating a strong social capital base was relegated to the background. The SAPAP did not translate into a comprehensive planning instrument for village development plan.

The model of social mobilisation demonstrated by A.P SAPAP has been adopted by the World Bank in its Andhra Pradesh District Poverty Initiatives Project that is being implemented in six districts of Andhra Pradesh including Mahbubnagar and Ananthpur. Community investment funds and educational support to girl child labourers are major components of the programme. The social mobilisation strategy for upliftment of poor, initially adopted under the Development of Women And Children in Rural Areas (DWACRA) project of Government of India is the central core of the Swaranjayanti Gram Swarozgar Yojana (SGSY), a holistic programme for self-employment in rural areas as well as the micro-credit programmes of National Bank for Agriculture and Rural Development (NABARD), Rashtriya Mahila Kosh (RMK), Small Industries Development Bank (SIDBI) and other micro-finance Institutions.



Case 23: National Rural Support Program (Pakistan)

National Rural Support Program (NRSP) was created in 1991 as a non-profit public company designed to reduce poverty and improve the well-being of rural people. The Program aims at setting up a network of grassroots organizations through social mobilization. NRSP's strategy

is to "harness peoples potential" to plan and implement activities that will improve their quality of life. NRSP extends micro credit to the poor who do not have tangible collateral. In order to facilitate the community organizations and its members in the repayment of their loans in difficult times, NRSP encourages them to generate a matching saving before requesting NRSP for a loan. However, in order to ensure that this does not discourage the poorest community organization members, NRSP has set flexible ceilings for such mandatory savings. NRSP facilitates the community organizations in developing new enterprises or improving the existing ones through its vocational training program and natural resource management program. NRSP has demonstrated that village communities are able to manage small productive loans. The self-motivated individual acting in his or her self-interest to produce something of value is NRSP's engine of development. The Program establishes the framework within which poor, often illiterate rural people are enabled to participate in and initiate small productive enterprises. NRSP fosters a network of grassroots level organizations to enable rural communities to plan, implement and manage development activities. The community Organizations (CO) are the fundamental building block upon which NRSP is founded. NRSP's participatory development approach engages community Activists in identifying their own goals and mobilizing the resources required. The achievements of the Social Organizers (SOs) in extending the coverage of the Program during recent years has been remarkable. From a base of zero in 1992 the number of SOs increased rapidly to over 7,000 by end 2001 within the established program regions until virtually all communities are covered. The principal stimulus for participation in the Community Organization is rural investments in the form of individual credit. Small loans at commercial rates for productive purposes are a distinguishing characteristic of NRSP. They appeal directly to the self-interest of members, not to their collective well-being. The benefits are noteworthy and credit recovery rates are high.

5.3.8 Theme: Disaster Management and Social Protection

Case 24: The Disaster Mitigation Institute – Ahmedaba, (India)

The frequency and impact of natural disasters has increased manifold in the last 50 years. World Disasters Report 2001 estimated that between 1991-2000, number of persons killed in natural disasters was seven times greater than those killed in armed conflicts. Due to increasing population growth and rapid urbanization with high concentration of people in specific areas, the loss of life and property on account of natural disasters has increased manifold. Institutional response for prevention and mitigation of disaster, especially in South Asia, has unfortunately failed to keep pace with the recurrence and increasing impact of the natural disasters.

The overall responsibility for disaster management in India rests with Ministry of Home Affairs. The responsibility for drought management, however, rests with the Ministry of Agriculture. A few State Governments have recently set up disaster mitigation authorities for calibrating a coordinated response in the event of natural disasters. Unlike other countries in the world, there are very few research institutions and organizations, which work specifically in the area of disaster analysis, disaster policy and action research for disaster mitigation.

Disaster Mitigation Institute (DMI), Ahmedabad is one of the few organizations working in this area in the country. DMI developed as a project in response to repeated droughts in Gujarat in the 1980s, especially during 1987-89 drought period. The Institute became an autonomous institution in 1995. The DMI works in the areas of disaster preparedness, disaster mitigation and capacity building. The DMI areas of special action and interest include:

- Disaster prevention and reduction
- Disaster mitigation
- Disaster management
- Relief administration and implementation
- Recovery planning and implementation
- Reconstruction planning and preparedness.

The Institute's major objective is to build the potential and the capability of the communities to overcome natural disasters and quickly get back on their feet by making optimum use of the resources available. To achieve this objective, DMI offers professional services, educational programmes, conducts training courses and arranges funding through the local bodies, relief agencies and local groups to the disaster-affected victims. One of the major contributions of the Institute has been to sensitize policy planners and administrations on the need to take a comprehensive view of requirements of the disaster affected and plan for health, nutrition, education and special needs of the women. Institute has carried out extensive work on rehabilitation of families affected by the 2001 earthquake. It has also been active in providing relief to the riot-affected victims. It has carried out extensive campaigns to generate awareness among affected persons on government compensation packages and modalities to access relief and rehabilitation support. The activities that DMI has undertaken in the past include –

- Community based disaster mitigation
- Humanitarian policy forums / workshops
- Action research and learning
- Implementation of disaster mitigation projects
- Publication and awareness on strategic issues
- Performance rating of relief and evaluation of interventions
- Coordination of disaster mitigation activities among NGOs and between GOs/ NGOs.

Case 25: Rebuilding War-devastated Livelihoods in Sri Lanka: Reviving the Famous Jaffna Leather Craft Industry

Before Sri Lanka's 15 year old war engulfed the island's northern most capital, Jaffna, a small village in the area was famous for producing quality leather goods. The war has moved on. A post-conflict reconstruction initiative aims to help people regain their livelihoods by rebuilding the once famous local leather craft industry. On the Jaffna Peninsula in a village called Vathiry, the tradition had always been for the men to earn a living by producing high quality leather

goods. Before the war, the village supplied bags, shoes, and a variety of other leather products to major retailers throughout the island. In 1991 a ban in Jaffna on the raw materials needed to produce leather goods forced many village leather workers to seek work in other areas. The village tradition was broken as fathers were no longer teaching the art of leatherwork to the next generation. Few of the men have returned to Vathiry and many family breadwinners are now women. Through their culture women have received little preparation for income generation. The Sri Lanka Red Cross Society (SLRC) in Jaffna was determined to revive the leather industry. With support from UNDP, 20 students -- 11 of them women -- began six months training in making quality shoes, belts, and bags. On completion of the course the students were eligible for UNDP loans to buy the materials needed to start their own businesses. Some of the trainees formed an organization and have now begun producing leather goods for the local market. By mid 1999, 40 artisans are expected to have the skills and equipment to rebuild the leather craft industry in Jaffna. 40 artisans have been trained, which is enough to rebuild leather craft industry for local market. Trainees have banned together and formed a small company. A sales strategy has been established, and stocks are moving fast.

Case 26: Food Aid to Students in Food Insecure Districts and Road Workers (Bhutan)

The royal government of Bhutan, assisted by a few development partners, started food aid some 28 years ago and the programme still continues. Current food aid programme is directed at improving the nutrition of school children in relatively poor and food insecure areas, and providing food for work for the road workers who are from low income group. The latest (1999) statistics show that school-feeding programme covers 133 schools. 46 schools have feeding schemes for both boarders and day scholars; 67 schools and institutes have feeding schemes for boarders only; and 20 schools have feeding programmes for day scholars only. A total of 30,467 children were covered in 1999. Of this total number, 18,514 were boys and 11,953 were girls. The value of school-feeding programme was estimated to be Nu 18.15 million out of a total budget of Nu 1031 million in fiscal year 1999-2000 for the education sector. The rapid growth of primary school enrolment at the annual growth rate of 7% from 1981-91 and 8% after 1991 was primarily induced by two interacting factors: the opening of community schools and school-feeding programme.

As an occupational group, the road workers are most appropriate group to receive food aid. Almost all the workers are landless and come from food deficit areas in southern and eastern Bhutan. As of April 1999, 3064 road workers were registered as food programme beneficiaries out of a total workforce of 3648 in the Department of Roads. Out of 3064 beneficiaries, 1846 were women. However, the actual number of people dependant on food-aid rations would be much higher when the family members drawing double rations are included.

Food assistance have been regularly assessed and reviewed to direct its resources where they create maximum impact. Since school-feeding programme began in 1976, there were major re-targeting exercises in 1991 and 1997. Schools in dzongkhags perceived to have become better off were removed from school-feeding programme in 1995. In general, to expand enrolment and pursue universal primary education, food aid coverage was redirected to schools where enrolment and attendance are low - in remote and isolated areas - and where the families are poorer and the parents and children are not fully aware of the value of education. It is an

important tool to promote universal primary education and children's health. The latest change occurred in 1997 when the school-feeding programme was reduced from two meals for boys in boarding schools to one, although two meals are maintained for girls in boarding schools to provide additional incentives for girls to pursue education. The phasing out of school-feeding programme, when appropriate, remains an important aspect of the goal of self-reliance. School-feeding is now planned to be phased out in 2007. This deadline roughly coincides with the expected realisation of universal primary school enrolment as well as greater accessibility through road construction to remote areas so that majority of the population can be accessible within half a days walking distance from the motor road. The latter goal seems formidable and challenging because of the huge capital outlay required for road construction.

Case 27: Food Security in War-torn Areas (Sri Lanka)

Twenty years of conflict in the North & East of Sri Lanka has adversely affected the food security situation in these areas. It has resulted in large losses of lives, homes and lands, and destruction of infrastructure facilities and livelihood opportunities of the people. Moreover, there has been a substantial decline in the agricultural production in the region. The main reasons attributed to this decline include degradation of irrigation facilities, high risk associated with agriculture due to the war, severe drought in the area, breakdown of public and private sector support services, and the displacement of large number of farmers in the region[1]. In addition, military bans on the transportation of basic construction items, restrictions on essential food items and the LTTE taxation system are some other conflict-related factors that constrained the food security in the war-torn area. The government in collaboration with various NGOs and international organizations has undertaken number of interventions to tackle the food security-related problems in the conflict area. These interventions are of two types: provision of relief-type food assistance particularly for the internally displaced people (IDP) and, development-oriented policies aim at improving livelihood opportunities of the people and attaining long-term, sustainable food security in the region. Government is engaged in providing food relief (dry rations) to all displaced families with monthly income of less than Rs 1,500. Currently there are over 700,000 recipients of dry rations (about 175,000 in refugee camps know as "welfare centers" and 530,000 outside the camps). The Integrated Food Security Programme (IFSP) Trincomalee is another important programme that supports the people who are at risk of food insecurity and affected by the conflict, to diversify and intensify their food and income sources and to improve their nutrition and health care. It focuses on 'development' rather than 'relief' and concentrates its activities in three broad areas: poverty projects for individual families (goat and poultry rearing, tank fishing), community infrastructure development (drainage, wells, tanks, roads), and special health and nutrition interventions (support for health centers, mid-day meals for children). Given the existing political and economic constraints in the war-affected area, fulfilling sufficient food and nutritional requirements by all people in the region at all times (as implied by the definition of 'food security') is far from practice. However, the government has continued to make its optimal efforts in ensuring food security and there has not been any incidence of hunger related deaths in the region.

[1] There are about 800,000 people who have been internally displaced due to the civil war. The share of displaced is significantly high in certain districts: Mannar (95%), Baticaloa (75%), Vavuniya (84%) and Trincomalee (70%)

Case 28: Employees Old-Age Benefit Institution (Pakistan)

The social protection system in Pakistan includes Old Age, Invalidity and Widow Pensions and HealthCare governed by the Employees Old-age Benefits Institution (EOBI) and Provincial Social Security Institutions. Invalidity pension under EOBI is converted into invalidity pension for life (if invalidity lasts continuously for five years). Medical care is provided through social security hospitals and health dispensaries. All government employees and their dependents are entitled to life pension, widow pension and commutation of a portion of pension and free medical care. Employees of registered industrial establishment or a commercial establishment have been covered under the Employees Old-Age Benefit Institution (EOBI) scheme. The scheme covers formal sector establishments registered with the institution. The EOBI is funded by an employer contribution of 5 per cent of wages and a limited federal contribution and provides monetary benefits to its insured persons in their old-age, in the event of their becoming disabled/invalid owing to injuries/diseases. Survivor pension is also provided in the event of the death of an insured person to the widow/widower for life. The EOBI pension has a minimum amount (currently Rs. 630/month) while the entitlements are related to length of service (average monthly wages multiplied by number of years of eligible service divided by 50). Since 1986, the government was contributing an amount equal to that collected from the employers.

The registered employers (establishment of 10 or more employees) in 2002 were around 56,000. The number of insured persons registered was around 1.8 million and it covers all employees in registered establishment employing 10 or above workers with eligible wages to a maximum of Rs. 3,000 per month. In 2001-02 around 187,000 persons benefited from the scheme. Since January 2001 the rate of minimum pension has been revised from Rs. 425 per month to Rs. 630 per month.

Case 29: Rehabilitation of Child Labour: The Bhavita School (India)

Over 11 million children were identified as child workers by the 1991 census in India. It is generally accepted that number of child workers is considerably higher than the census estimates. Andhra Pradesh had the highest child labour population in 1991. Both government agencies and NGOs have undertaken programmes to withdraw children from work and put them back into schools. National Child Labour Project and National Authority for Elimination of Child Labour are some of the major government initiatives. However, the lead taken by a self-help group (SHG) in Kurnool district of Andhra Pradesh highlights the potential of community action in tackling the practice of child labour. It demonstrates that if all stake-holders cooperate and join hands, every school going age child could be put into the schools. Mahila Mandal Samyakhya (MMS) in Orvakal, Kurnool district was set up as a part of the South Asia Poverty Alleviation Project. The MMS conducted a survey in the villages in its area of operation on the status of children and found that over 116 children below the age of 14 were not going to schools. These children were working in cotton fields on a daily wage of less than Rs.20. They had to walk up to 12 kms for work. They were exposed to pesticides and pollens that caused serious health problems. Many girls could not attend the school as their parents were either

sick or out of work. Parents of these children were contacted and convinced to send the children to school. A school for these children was started and named 'Bhavita School'; Bhavita in Telugu stands for 'future'. The school is in the nature of a bridge school and prepares children to get admission in the normal schools. The curriculum is designed keeping in view the requirement of children who have never gone to school. The bridge courses are of different duration and children are put into a course depending on their age profile and capacity. The school follows innovative teaching methods. The basic aim of the bridge course is to enable a child to secure admission in an appropriate standard to his / her age in a normal school. The school has helped over 93 girls in the last 2 years to get admission in the mainstream schools. Girls from the school have participated and won in district sports meets. In 2002, over 400 students were on the rolls of Bhavita school. The school spends Rs.500 per month on each child for education and accommodation. Bhaviata Schools have been opened up in Gadivemula and Panyam villages also with a capacity of 100 students each. Bhavita School has encouraged other NGOs in Andhra Pradesh to take similar initiatives. The concept of bridge school has been included in Sarva Siksha Abhiyan, the government of India's programme for universlisation of primary education. The Government of Andhra Pradesh also launched a "back to school campaign" a nine-day programme called 'Chaduvula Panduga' or 'learning fair' on 2nd August, 2002, to induce children in the age group of 5-15 years to join school. This is a part of Andhra Pradesh Government's resolve to put every child of school going age into the school by the year 2005. Funds have been sanctioned to each district to provide input support for enrolment of children into the formal education system.

5.3.9 Theme: Financial Services for the Poor

Case 30: Grameen II (Bangladesh)

Grameen Bank is by now a household word in the development arena as the pioneer of micro-credit and the idea that the poor are bankable. With a quarter century of experience behind it, Grameen initiated a major re-engineering effort on April 14, 2000 and has successfully managed a transition to its new system titled Grameen Generalised System or Grameen II in all its coverage of 41000 villages in Bangladesh by August, 2002. In Grameen II, many of the familiar features of the Grameen Classic System are gone, namely the categorisation of loans into general, seasonal etc, group fund, loan ceilings, fixed weekly installment, need to borrow for whole year etc. The new system is built around one prime product called the Basic Loan. In addition, there are two other parallel products, the Housing Loan and the Higher Education Loan. To deal with situation where the borrower face difficulties in repayment, the Basic Loan comes with an exit option in the form of a Rescheduled Basic Loan (Flexible Loan) which allows for smaller installments and longer repayment period. Once the borrower overcomes her difficulties he or she can negotiate to return to the Basic Loan. Under the new system, the borrower remains a valued client all through the process of going in and out of flexi-loan. By providing such an exit route, Grameen II has changed the situation dramatically: the perpetual tension around the issue of problem-borrowers or defaulters is removed, instead group solidarity is used for forward-looking joint actions for building things for the future rather than

for the unpleasant task of putting unfriendly pressure on a friend.

Grameen II provides custom-made credit for the poor in place of the earlier model of one-size-fits-all. Another major change is in the disappearance of the Group Fund which in the earlier system was seen more as a group tax; this is now replaced by three obligatory savings account: personal savings account, special savings account, pension deposit account (obligatory for borrowers above the Taka 8000 level). There are no restrictions on withdrawal from personal savings account while withdrawal is restricted on the special savings account for the first three years. The most innovative feature is the pension deposit scheme which requires borrowers (above Tk. 8000) to contribute a minimum of Tk. 50 per month. After 10 years, the borrower will receive a guarnteed amount almost double the amount he/she has put in during the period. This has generated huge enthusiasm among borrowers who are eager to contribute much more the required minimum amount. The scheme is also generating a huge cash-flow for the Bank, bringing in more than Tk 100 million every month as deposits on account of pension savings. While the institution thus can move towards financial self-reliance, the borrower too can look forward to financial self-reliance as old age approaches. As of August 2002, saving in the pension Fund amounted to Taka 2.07 billion.

Since inception, Grameen bank has disbursed US$ 3.7 Billion out of which US$ 3.4 Billion has been repaid. Its current annual disbursement is US$ 263 million. 90 percent of this is financed from own fund and savings of depositors 82 percent of whom are its own borrowers.



Case 31: Janasaviya Trust Fund (Sri Lanka)

Janasaviya Trust Fund (JTF) was established in 1991 by the Government of Sri Lanka with the assistance of the World Bank, to serve as an Apex lending institution for poverty alleviation programmes. It adopts a dual strategy- a rural works programme designed to increase the availability of wage employment on economically viable projects, and the provision of credit and support services to the poor for self-employment and micro-enterprise development. JTF is not directly involved in implementing programmes, operating instead through a large number of Partner Organisations (POs)[13] that act as intermediaries between the Trust and the beneficiaries. Working through POs help to reach the poor households that could not be otherwise reached and creates a greater sense of self-reliance, ownership and community participation among the beneficiaries. Another important feature of JTF is its usage of various important concepts and methods of co-operation that exist in the rural communities. Social Capital Formation is one such important concept. The best example for this is of the well-known "Aththam" method- that is a system of exchanging labour and collaborative efforts among the people in undertaking development activities- widely practiced in traditional rural communities in Sri Lanka. Moreover, it also uses various existing systems of granting loans to communities. "Seettu" or "Cheettu" (Rotating savings and loans) is one such method commonly used among the rural societies.

Initially, JTF was engaged in 4 main programmes: credit and micro-enterprises, human resource development, community projects, women and nutrition. With the end of the initial project in

[13] The POs include the broad categories of Non Governmental Organizations (NGOs), Thrift and Credit Co-operative Societies, Multi-Purpose Co-operative Societies, Regional Development Banks and Commercial Banks.

December 1997, all the other activities were concluded and the Trust continued to engage primarily in the credit and micro-enterprise programme. Activities in this program include credit disbursement through POs, monitoring loan repayments, provision of advisory and technical assistance, organization of training programmes for beneficiaries and PO staff. In 2001, total disbursement was Rs 337.6 million, a rise from Rs 53 million in 1998. Loan recovery was 94% in 2000. 100 POs including leading NGOs, such as Women's development Federation of Hambantota and the SANASA Development Bank are linked to JTF.



Case 32: Apex Micro-Credit Institution: PKSF (Bangladesh)

Palli Karma Sahayak Foundation (PKSF), since its establishment in May 1990 by the Government, has been working as an apex microcredit and capacity building organization for eradicating poverty initially in the rural areas and subsequently in urban areas. The basic operational strategies of PKSF are the following:

- It does not directly lend money to the landless and the assetless people rather reaches its target groups through its Partner Organizations (POs);
- It provides greater thrust to institutional development, both its own capacity as an apex organization as well as the capacities of POs;
- It favours no particular model; instead, innovations and different approaches based on experience are encouraged;
- It acts as an advocate for appropriate policies and regulations useful for the micro-credit sector.

Though instituted by the Government, legally PKSF is a "company limited by guarantee" meaning "company not for profit" and is registered under the Companies Act of 1913/1994 with the Registrar of Joint Stock Companies. The legal structure of PKSF allows flexibility, authority and power to take programs and implement them throughout the country and managing its affairs as an independent organization.

PKSF currently provides loanable funds to 181 POs – 3 big and 178 small and medium – under its four mainstream credit programs: Rural Microcredit; Urban Microcredit; Micro-enterprise credit and Microcredit for the Hardcore Poor. It charges differential service charges for itw two categories of POs: 7% for the big POs and 4.5% for the small and medium POs. It also operates a loan programme for capacity enhancement of POs at a subsidized rate of 1% service charge. It provides customized training courses and has a well-developed training strategy including outsourcing to private and public sector institutes. On-site technical assistance is also offered during the intensive schedule of field visits undertaken by PKSF personnel. As of July 2002, PKSF has disbursed a total amount of US$ 196 million among 3.72 million poor borrowers about 90% of whom are women. PKSF's loan recovery rate is over 98%. Independent evaluation studies have shown that PKSF's microcredit program implemented through its POs has helped alleviation of poverty.

Some of the best practice lessons evident in the PKSF experience include:

- PKSF has been established and funded by the government, but it has been kept as an independent organization outside government bureaucracy. This has enabled PKSF to

form its own policies and develop its own management practices suitable for its activities.

- The outstanding quality of the Governing Body has contributed most in guiding the management and forming and revising policies whenever necessary.
- The policy of recruiting officials of above average quality has contributed greatly to the growth and performance of PKSF.
- PKSF has been successful in utilizing the capacities of local NGOs in quickly reaching the poor and developing the POs to deliver the financial services to the poor. Selection of the right POs was the most crucial factor for PKSF's success.

5.3.10 Theme: Decentralization

Case 33: Local Government Legislation (Nepal)

The Local Self-Governance Act of 1999 and related regulations provide a fundamental framework for expediting decentralisation process through increased involvement of people in governance. This Act replaced three separate Acts which were enacted in 1991 after the restoration of democracy. The new Act sets out a number of principles on which development of local self-governance systems should be based: devolution of power, responsibilities, means and resources to local institutions, enhancement of local capacity to deliver and implement local projects, fiscal decentralization, collaboration of civil society organisations, and, partnership with the private sector for service-delivery.

The Participatory District Development Programme (PLDP) and Local Governance Programme (LGP) are being implemented in 60 out of Nepal's 75 districts. The programme is supplemented with the Village Development Programme (VDP) to allow the rural poor to harness their own potentials and tap resources for sustainable local development. VDP already covers more than 200,000 households.

Case 34: Decentralization as a Means of Poverty Alleviation (Bhutan)

Decentralization serves multiple objectives: it is a means of promoting democracy and poverty alleviation simultaneously. The key aspect of decentralization is political, whereby the powers of decision-making are vested in the elected representatives of the people and themselves. His Majesty the King has personally provided impetus to devolution and decentralization. To this end, local governance bodies have been established and legislations enacted for the people to elect their representatives to the local governance bodies at the district and block levels. The first step in the process was taken in 1981 with the establishment of District Development Committees (DYT) and the process was consolidated in 1991 with the establishment of the Block development Committee (GYT). It should be noted that Blocks (gewogs) form the basic units of administration and territorial organization. There are 201 gewogs within the 20 districts making up the country. The numbers of elected membership in the GYTs range from seven in smallest gewogs to 15 in the biggest gewogs. The governing body and administrative are fused into one at the Block level but are separate entities at the district level. In the DYT, district administrator and his staff only have observer status in the Council. Members of the National

Assembly belonging to a district and members from municipalities of the district are also members of a DYT. The DYT members are paid daily sitting fees of Nu 300 per day.

The GYT Act, 1992 and DYT Act, 1982 were revised by the National Assembly in July 2002 to give these bodies substantially more powers and responsibilities. The new acts focused on streamlining the election procedures of members on the basis of mass franchise, powers and functions of their chairpersons, and delineation of powers of various types: general, administrative, regulatory and financial, which are prescribed in detail in their individual acts. The delegation of powers to adopt rules and regulations applicable to local circumstances is an integral aspect of decentralization. Where there are no conflicts with national laws for either allowing or prohibiting certain course of actions GYTs can adopt their own regulations.

The most important function of GYTs and DYTs' is the formulation and implementation of gewog plans. Since the 9th Five-year Plan began in July 2002, Bhutan adopted an integrated-spatial planning system based on gewogs though sectoral approach is still prevalent to a certain degree. GYTs have wide financial powers to approve gewog's budgets and expenditures, to award works on tenders, and to fix rates of local utilities. DYTs act as stages where compromises, especially in sharing resources between its constituent gewogs are struck, and where, as listening posts, the high echelons of the district staff will be present to provide their views and opinions, when solicited. The decisions of the DYTs and GYTs on plans and programmes are, by and large, binding on the higher levels of the government. However, Bhutan is not yet financially self-sufficient and the availability of funds from the donor affects the decisions of the GYTs and DYTs, as much as central government programmes. The local levels are dependent on the central government for budget and central government is dependent on donors.

The GYTs have the right to retain annual rural taxes and allocate them for locally identified expenditures. While the amounts collected and spent are currently small relative to total revenues and expenditures, these amounts can potentially increase over time. The new Act commits the central government to providing adequate budgetary support to DYTs and GYTs in order to fulfill their mandated responsibilities. The budgets will be on a two-year rolling basis. 24 percent of the plan budget is administered directly by the district and gewog administrations. However, as mentioned earlier, these commitments should be seen in relation to the Royal Government's dependency on donor funding to meet the capital expenditures, which are a large proportion of these local budgets.

The grand vision of His Majesty the King has been to promote economic development as one arm, and empowerment for genuine participation as the other arm. Neither is fruitful and effective without the other. And the golden link between the participation and development is grass-roots capacity that can revolutionize the way development for the welfare of human and other sentient beings is achieved, both as a process, and a value that people will define for and by themselves.

5.3.11 Theme: Rural Energy and Infrastructure

Case 35: Rural Energy for Development in Nepal

Nepal has more than 6000 rivers and rivulets and is the second richest country in the world in

water resources after Brazil. It has the potential to generate 83,000 megawatts of hydro-electricity but currently generates only 319 megawatts. Electricity consumption in Nepal is one of the lowest in the world, roughly equivalent to one 60 Watt bulb burning for one hour per person per day. Only 15 % of the country's population has access to electricity. To mitigate the situation, the Rural Energy for Development Programme (REDP) has been undertaken which provides multi-level support: policy formulation at the central level, capacity-building for district elected bodies to manage rural energy systems as an integral component of local development, and social mobilisation at the community level to plan, implement, operate and maintain integrated energy systems like micro-hydro plants. REDP is being implemented to enhance rural livelihoods and preserve the environment by supporting micro-hydro as an entry point for the development of rural energy systems. The association of micro-hydro power development with the effective utilisation of water resources and, hence, its linkage with irrigation, water supply, sanitation, agriculture, natural resources (bio-mass coverage) and cottage industries is enhanced and effectively utilised. In two years, REDP has installed ten micro hydro power plants generating over 400 KW of electricity in remote mountain villages that had never experienced electrical power. REDP has quickly evolved to lead research efforts in the field of rural energy: over 20 new innovations, including the development of a low head turbine and induction generator controller were made in 1998. 10 District Energy Funds and 19 Community Energy Funds have been set up so far for credit availability and investment. Over 1500 community groups have so far been formed who have mobilised over Rs. 10 million for investment purposes At present the programme is operational in 10 of Nepal's 75 districts.



Case 36: Decentralized Rural Infrastructure: the LGED Story (Bangladesh)

Even towards the end of the 1980s, most villages of Bangladesh were not connected by all-weather infrastructure. Within a decade, the situation has dramatically changed; most villages are now linked to a network of all-weather rural roads called Feeder Roads. This has had a major impact on poverty allowing greater mobility to the poor, easier access of rural goods to urban markets and stronger capacity of the government to deal with emergencies and natural disasters. This highly successful decentralized rural infrastructure strategy has been spearheaded by the Local Government Engineering Department (LGED), a public sector agency marked by the critical institutional attributes of decentralization, professionalism, monitoring system, informal decision-making, leadership, team work and sense of mission. As a central agency, LGED has been distinguished by its emphasis on human resource development and use of ICT. In 2002-2003, LGED's annual development budget allocation amounted to US$ 342 million.

Infrastructure development activities of LGED are planned and implemented through community participation process involving beneficiaries and project-affected persons, local government institutions and NGOs. The community participation includes all the stages of scheme cycle, such as, identification, selection, planning, design, implementation/construction, operation & maintenance, cost sharing and monitoring/evaluation. As a part of participatory development, management and operation, beneficiary groups and user committees, such as, Labour Contracting Society (LCS) formed by groups of landless men and women labourers, Road Maintenance Association (RMA), Market Management Committee (MMC), Ghat Management Committee (GMC), Road User's Committee (RUC), Water Management Cooperative Association (WMCA), Slum Improvement Committee (SIC), have been formed under various projects of LGED.

PART B

Road Map Towards a Poverty Free South Asia



Chapter 6

Strategic Priorities

The struggle against poverty will never succeed if it continues to be an encylopaedic list of do's and don'ts hopelessly bereft of any sense of strategic priority. Poverty is so pervasive in South Asia that a million priorities will not exhaust the agenda. But to get the momentum going, the energies of South Asian nations have to be galvanised around a few catalytic agendas. These strategic priorities are:

- Mobilising the Power of the Poor
- Prudent Macroeconomics
- Mainstreaming the Informal Economy
- Sustainable Development
- Enhancing Gender and Other Equities
- Effective, Harmonious and All-round Co-operation among the Countries of the Region

6.1 Mobilising the Power of the Poor

Empowerment of the poor is the most crucial element of any poverty reduction strategy. Through empowerment, the poor can assert their rights to various resources intended for them and enhance their dignity and self-respect. Empowered poor groups can work in partnership with local governments and community based organisations (CBOs) in various decision-making processes and development activities. Poor are vulnerable and often have to operate under exploitative circumstances be these be in labour, credit, land or product markets. Building organizations of the poor is thus an essential prerequisite for empowering the poor. Forming groups with those of similar socioeconomic background creates a sense of solidarity among the poor that will enable them to overcome the many obstacles they face in their social and livelihood struggles. Such grass-root level organizations help the poor to strengthen their 'bargaining power' and achieve better tenancy rights, elimination of unpaid labour and access to public resources.

Similarly access to financial facilities through the group approach provides the poor with a new sense of being active participants in an accumulation process and strengthen their collective identity.

Similar organizations should be created for poor women who carry a double burden of being a woman and poor. Their empowerment can come through accumulation of both financial assets (such as savings and credit) and social assets (capacity building, social connectedness, social

networks etc). Mobilising the power of women, particularly poor women, is crucial for accelerating the development process of the country as well as that of the family.

In addition to the organizations of the poor, attention has also to be given support mechanisms which function as an umbrella organization for capacity creation and facilitate an enabling environment for the poor to work and improve their lives. An important role of the support mechanism is to ensure access to credit and other requirements such as inputs, technology, management techniques and market information for the poor. Such support organizations can be both governmental and non-governmental. South Asia already has a number of success stories in this regard (see the section on Best Practices) and these must be built upon further as an integral part of the new anti-poverty strategy.

6.2 Prudent Macroeconomics

In all the countries in the region, economic growth and structural transformation will be accelerated within a market-friendly environment. These economies will achieve a sustainable growth path through number of policy reforms that will further enhance efficiency and productivity. In addition, the resource utilization will be increased by expansion of production to cater to the export markets. The Gross Domestic Products (GDP) of these countries are targeted to increase to 6% by the year 2010. High growth rate will mainly come from the manufacturing and service-related activities such as information technology, electronics, communication, business and financial services etc.

Achieving a high economic growth and meeting the challenges of developing in a rapidly globalising world economy requires greater focus on prudent macroeconomic policies. There are several components to such a prudent strategy. An important focus has to be the improvement of each country's productive capacity through the promotion of market-relevant skills and investment in the knowledge sector i.e. new technology, R&D and innovations. Such a strategy will help South Asian nations adapt well to the challenges of rapid technological development and the changing global economic environment. Creating a financially healthy public sector will also be crucial to ensuring growth and economic stability. Macro financial policies have to be directed towards achieving stable exchange rates, low-interest regimes and price stability. In addition, various policies are needed to strengthen the revenue flows of the governments and eliminate wasteful expenditure. Such policies will help to keep budget deficits down and keep inflation within control. Another important area for policy attention is incentives which can help to boost FDI and private sector investment particularly in sectors with high growth and employment potentials. Strategies for promotion and diversification of exports, fostering private-public partnerships as well as reforms in labor markets, financial and power sectors have also to be considered in line with the needs and priorities of each country.

6.3 Mainstreaming the Informal Economy

Growing informalisation of labour force has been an issue of great concern in South Asia. In many

countries in the region, employment in the informal sector comprises a significant proportion of total employment. For example, in India the share of the informal sector workforce accounts for approximately 93% of total workforce. Informal employment is particularly important for women in South Asia.

There are two broad components of the informal economy: non-wage and wage employment. Non-wage employment includes self-employed persons in informal enterprises, home-based workers and street vendors. In most South Asian countries, home-based workers account for a majority of the informal sector workers (about 60-90%). There are some key industries in the region which are based on such home-based workers: these include among others the *agarbatti* and *bidi* industries in India, the football industry in Pakistan and the coir industry in Sri Lanka. The second category i.e. informal wage employment, comprises of employees of informal enterprises, casual day laborers, domestic workers, undeclared workers, and seasonal or temporary workers without secure contracts, worker benefits or social protection. Such workers in the informal sector are faced with many problems such as poor infrastructure facilities, lack of access to finance and banking, training and education and lack of various social protections such as pensions, employment injury benefits, etc.

BOX 6.1 : KATHMANDU DECLARATION ON WOMEN WORKERS IN THE INFORMAL SECTOR, PARTICULARLY HOMEBASED WORKERS

The South Asian Regional Meeting on women Workers in the Informal Sector: Creating an Enabling Environment, participated by the Governments of India, Nepal, Pakistan and Sri Lanka, and by trade unions, Non-governmental organizations, relevant UN and international organizations from these countries, and Bangladesh, having met in Kathmandu on 18-20 October 2000 and having deliberated on the issues hereby resolve as follows:

Whereas, women workers in the informal sector, unorganized and agro-based sectors contribute significantly to the economic development of their respective countries, and acknowledging that home-based work has been growing rapidly world-wide due to globalization and liberalization, particularly in South Asia,

And whereas available evidence suggest that home based work is an important source of employment especially for economically disadvantaged women,

And noting that there are at least 50 million homebased workers in South Asia of whom around 80% are women, who carry out remunerative production and services in their own homes and include own account or self employers workers as well as those who do work for contractors or employers at the piece-rates,

And whereas such workers contribute significantly to the National Economy, these workers are mostly illiterate, invisible, unrepresented and voiceless, and are not generally incorporated in the National Development agendas.

Therefore, in order to bring these home-based workers into the national economic mainstream in accordance with the ILO Convention no. 177, this meeting recommends

A: Formulation of a National Policy and a plan of Action on Home –based Workers by the Government of the South Asian Region in consultation with the stakeholders, with the following components:

1. Minimum protection, which would include right to organize, minimum remuneration , occupational health and safety, statutory social protection, maternity, child-care, skill development and literacy programme.
2. Access to markets and economic resources including raw materials, marketing infrastructure, technology, credit and information.
3. Set up Social Funds for homebased workers, which would provide insurance against risks of illness, death, old age accidents, loss of livelihood assets and contingencies as locally required.
4. Incorporate into official statistics baseline data regarding various categories of worker in the informal sector and in particular homebased workers and their contribution to national economies.

B: Urges SAARC to address the issues of homebased workers in the region and take measures to enable them to deal with the risks and opportunities of globalization by:

1. Setting up a Technical Committee for informal sector workers and home-based workers to promote:
   - National Policies
   - Bilateral Co-operation
   - Regional Co-operation
2. Promote increased integration of markets at the regional level so as to create more employment opportunities.
3. Include home-based products in the SAFTA priority list.

Informal economy contributes directly to poverty reduction in the region by securing the livelihoods of a large proportion of the population. Yet, in many countries, the contribution of the informal economy continues to remain invisible. There is a great need to raise the visibility of the workers in the informal economy and to develop a national policy framework to promote their contribution to the GDP, support their livelihoods and protect their welfare.

The key concerns for a strategy to mainstream the informal economy are:

- Reducing various impediments and barriers that restrict informal sector actors to enter the formal economy. For example, introduction of low and fair taxation process encourages certain groups of informal sector workers to pay local taxes;
- Providing legal identities for informal markets and businesses through simple and affordable registration procedures and regulations;
- Provision of various infrastructure facilities - these may include roads, transport facilities,

formal markets, street furniture such as benches, storage containers etc needed by various groups of informal workers such as street vendors as well as water and electricity facilities needed for home-based workers;

- Provision of social protection, social security schemes and health-care for informal sector employees;
- Development of support organizations which can facilitate enabling environments and champion the cause of the informal sector;
- Provision of financial facilities, training, marketing and other inputs for informal sector entrepreneurs.

6.4 Sustainable Development

Sustainable development is about improving the living standards of the people, not at the expense of the future generation, but in a way from which their children and grandchildren will benefit. The world's population is projected to reach nine billion by 2050 and two-thirds of them will live in cities. The demand for water, electricity, housing, education and health facilities will be enormous and South Asia will be no exception. Without prudent policies and institutions, social and environmental strain can derail any short-term progress and lead to higher levels of poverty and declining quality of life. Thus policies and strategies are required that will help to sustain economic growth and living standards of the people without putting too high a cost to the future generation.

The goal of sustainable development requires us to look at development as a multi-dimensional process embracing the following:

- adequate financial and physical capital
- effective educational and health policies and programmes
- social capital and the empowerment of the poor
- sensitive and intelligent natural resource management
- sound macroeconomic planning and prudent fiscal management
- private sector development
- innovative technology policy and programmes
- integration of environmental considerations and protecting and developing environmental quality including in the growing urban landscape.

6.5 Enhancing Gender and Other Equities

South Asia has achieved significant progress in socio-economic development during the preceding decades but this progress has been highly uneven. There are large and growing disparities among

regional, gender, income and ethnic groups. Inequity in access to resources and social services as well as in participation in economic and political activities has been a major obstacle in faster reduction of poverty in South Asia. Thus, enhancing equity is a strategic priority if the full potentials of the growth process are to be realised and the poor are not to be left further behind.

Enhancing equity requires attention to many areas including gender, income levels, regions, ethnicity and cultures. Gender related equity refers to opportunities of the traditionally disadvantaged gender group, namely females, in their access to various social services such as education, health and nutrition, and their active involvement in economic and political spheres. Gender disparity in the region is depicted by the low achievement in the Gender Development Index (GDI)[14] equivalent to 0.542. Female participation in economic and political activities is also significantly lower in many South Asian countries. For example, Female Economic Activity Rate for South Asia is 42.8 (in 1998) and is approximately 50% of the rate for male. In countries like Pakistan and Bhutan the figure is even less at 40% of the male rate. In 1998, the GDP Per Capita (PPP US$) for female in South Asia was about US$ 1147 and is less than 50% of the Per Capita GDP for male. Furthermore, females are severely under-represented in parliamentary seats or ministerial positions as well as managerial positions.

Table 6.1
Gender-Related Inequity

	Sri Lanka	India	Pakistan	Bangladesh	Nepal	Bhutan	Maldives	S. Asia
Gender-related development index (GDI)-1998								
Rank	68	108	115	121	119	na	72	na
Value	0.727	0.545	0.489	0.441	0.449	na	0.72	0.542
Life expectancy at birth (1998)								
Female	75.6	63.3	65.6	58.7	57.6	62.5	71.6	63.6
Male	71.1	62.5	63.3	58.6	58.1	60	69.9	62.6
Adult Literacy Rate (% age 15 & above)- 1999								
Female	89	44	32	43#	21.7	28##	96	43
Male	94	68	57	59#	56.9	56##	96	66
Combined primary, secondary and tertiary gross								
enrolment ration (1997)								
Female	67	46	28	30	49	na	75	44
Male	65	61	56	40	69	na	74	59
GDP Per Capita (PPP US$)-1998								
Female	1927	1105*	776*	744**	783*	na	3009*	1147
Male	4050	2987*	2594*	1949**	1521†	na	5100*	3021
Female Economic Activity rate								
(age 15 & above) -1998								
Rate (%)	41.9	41.8	34.4	65.8	56.8	34	65.9	42.8
As % of male rate	54.4	49.3	40.5	76.2	66.4	39.8	78.5	50.6

Sources: Human Development Report 2000), ADB Key Indicators 2001

Notes: * No wage data availalble. An estimate of 75% was used for the ratio of the female non-agricultural wage to the male non-agricultural wage
** The manufacturing wage was used. # Data for 1998, ## data for 1995

[14] The GDI uses the same variables as the HDI. THe difference is that the GDI adjusts the average achievement of each country in life expectancy, educational attainment and income in accordance with the disparity in achievement between women and men.

Enhancing gender equity will require particular attention to educational and employment opportunities for females. Specific initiatives here may include girls-only schools, pro-active recruitment of female teachers particularly in areas where social and cultural restrictions on women are strong, special scholarships programmes for female students (the Female Secondary School Stipend Programme in Bangladesh is a useful example) free food and uniforms, motivational campaigns to attract female students to scientific and vocational subjects etc. Strategies to expand skill training and self-employment opportunities for women should also be pursued.

Another important focus of enhancing equity is income. There are significant disparities in income levels in the region. In all the SAARC countries, the per capita income of the richest 20% is much higher than that of the poorest 20% - but by different degrees. As indicated in the table below, the income ratio of the highest 20% to Lowest 20% is varies between 5.7 in India to 12.7 in Bangladesh. Such income disparity is often linked with disparity in access to social services and productive resources and hence various strategies are needed to improve equity among different income groups.

Table 6.2

Income Inequity

Country	*Income Ratio of Highest 20% to Lowest 20%*	*Gini Coefficient*	*Year*
Sri Lanka	11.4	0.48	1995-96
India	5.7	0.38	1997
Pakistan	7.1	0.4	1996-97
Bangladesh	12.7	0.39	1999
Nepal	5.9	0.37	1995-96

Source: ADB Key Indicators 2001

A fair and efficient fiscal policy is crucial to achieving income-related equity in a country. Income and wealth related tax systems targeting high-income groups should be strengthened while subsidies and various income-transfer programmes should be introduced to benefit the poorest groups. In addition, various policies are needed to improve access to education and health services by the poor.

Equity related to regional and socio-cultural issues also need attention in South Asia. In most countries, people living in remote rural areas, economically backward regions or areas affected by civil wars or conflicts are less likely to gain the benefits of various economic and social services. Moreover, there are number of disadvantaged groups such as schedule castes, ethnic, racial and linguistic minorities, indigenous people, those displaced by the war, refugees and etc who lack access to a number of basic social services as well as economic and political activities. Governments of South Asia need to undertake various policies to reduce such disparities and enhance equity in its all forms.

6.6 Effective, Harmonious and All-round Co-operation among the Countries of the Region

Strengthening cooperation among the South Asian countries in the economic, political and socio-cultural spheres is essential to accelerating economic growth and improve welfare of the people. Such co-operation can strengthen the collective voice of the region and ensure an atmosphere of trust and harmony. Priority areas for regional co-operation include trade and investment, science and technology, energy, poverty alleviation, human resource development, agriculture and rural development, and, transport and communication.

Some steps have already been taken: the SAARC Preferential Arrangements (SAPTA) was set up in 1993 to expand trade and economic cooperation among member states through reciprocal exchange of concessions for both tariff and non-tariff restrictions on imports from member countries. A South Asian Free Trade Area (SAFTA) is also envisaged while several other regional institutions and funds have been set up to promote economic cooperation. However, progress in terms of expansion of intra-regional trade or investments has been rather modest: intra-regional trade still accounts for only about 4% of SAARC countries' total trade. In addition, South Asian countries have not begun to use the regional sources of technology, expertise and capital goods in a significant manner. While some first steps may have been taken, there is clearly an urgency for specific measures such as operationalising SAFTA, establishing bilateral and multilateral trade agreements, creation of a SAARC Investment Area and promotion of SAARC technological cooperation.

Establishment of a SAARC Investment Area will help in generating intra-regional investment flows and attracting foreign direct investment (FDI) from outside the region. In addition, it could enable the weaker economies in the region to take advantage of the credit ratings of the stronger economies. Given the differences in labor costs across sectors and countries, such an Investment Area would encourage investors within and outside the region to explore the possibilities of finding optimum locations for their investment activities.

South Asian countries have lagged behind the rest of the world in terms of advancements made in the realm of technological development. This is a major obstacle in improving productivity in industrial and service sectors and thereby boosting growth and development. Thus, regional cooperation in building technological capabilities and investing in Research and Development activities (R&D) is essential. South Asian countries could also benefit greatly from the progress and experience of India in its Information and Communication Technology (ICT) sectors. Issues such as declining agricultural productivity, need to boost agricultural output in unfavourable environments are also critical areas in which stronger co-operation can bring measurable benefits. For example, Sri Lanka stands to gain from better knowledge of dry land farming techniques in which India has considerable experience.

There are number of social and cultural sectors too where greater regional cooperation can pay

large dividends for member countries. The lessons of countries like Sri Lanka which invested in free universal health and education to boost human capital development and questions of how to make such approaches sustainable stand to benefit strategy-making in all member countries. Mechanisms and strategies to strengthen skill training for productive employment is also a priority area for cooperation.

Combat against trafficking in women and children, improving child welfare, combating spread of deadly communicable diseases like HIV/AIDS, tuberculosis, malaria etc. are important areas for co-operation. SAARC has already adopted a convention on Promotion of Child Welfare for the region and taken other steps such as establishment of SAARC Tuberculosis Centre in Kathmandu. Strategy to combat deadly diseases should include culturally appropriate preventive measures, an affordable treatment regime and proper targeting of vulnerable groups.

Chapter 7

Re-Setting Targets

On the cusp of the new century, South Asia must combine both realism and ambition in re-setting its targets on the poverty front. The task of re-setting has also to be informed by global targets embodied in the Millennium Development Goals (MDG). While detailed targeting is a matter for individual countries, a set of core targets must shape the regional agenda. Considering all relevant factors, the following six targets are suggested as making up a medium-term perspective:

- Halving poverty by 2010
- Eradicating malnutrition and ensuring universal food security
- Putting in place a social security system
- Halving number of people without safe drinking water and sanitation by 2010
- Halving the number of people without access to primary education by 2010
- Eliminating all forms of trafficking and child labour.

7.1 Halving Poverty by 2010

The prime target called for by ISACPA is the reduction of the proportion of people living on less than $1 a day in South Asia to half the 2002 level, i.e. approximately from 40 percent to 20 percent by the year 2010. South Asia, with about 522 million people living on less than $1 a day continues to be home to over 40 percent of the world's poor. In absolute terms, the number of poor in South Asia exceeds the sum of the poor in the regions of Sub-Saharan Africa, Middle East, Latin America, and Caribbean. Thus, halving poverty in South Asia by 2010 would be an important first step taken towards alleviating world poverty by a significant degree. This goal may appear to be over-ambitious compared to the MDGs (to which all SAARC countries are already committed) whose target date of halving poverty extends to 2015. Nevertheless, ISACPA is strongly of the view that with necessary initiative and efficient policies and reforms in the economies, the target of halving poverty by 2010 is very much within the realm of feasibility.

In order to reach the above target, rapid and equitable economic growth will be a crucial factor. During the 1990s, South Asia experienced a reasonably robust growth which averaged 5.6 percent a year but varied widely across the region. Rapid growth helped to reduce the poverty rate in some of the member countries and the continuing ability of the region to sustain an average growth rate of above 6 percent a year will be critical to achieving the target of halving poverty by 2010. However, economic growth alone will not suffice to achieve the target; micro and macro level policies to

address the poor directly as well as to ensure poverty-reducing growth will be necessary.

Key elements of a strategic framework aimed at achieving the target include:

- Building a supportive macro-economic environment with attention to fiscal consolidation, price stability, sustainable balance of payments, trade and investment policy reforms, financial sector reforms and labour market reforms;
- Creating opportunities for the poor to participate in the growth process by a major drive at appropriate skill-training, provision of collateral-free credit, fostering of small and medium enterprises, improving market access of the poor and poor regions, bring remote areas within infrastructural and telecommunications network, revitalize rural development and small-holder agriculture, and, improve water resource management;
- Improving social services and strengthening social protection systems through increased investment in education, health, nutrition, water supply and sanitation, and through more comprehensive and effective social protection targeting of orphans, widows, disabled, elderly poor and victims of conflicts and other disasters;
- Empowerment of the poor through their group mobilisation and strengthen the role of proven support institutions such as SEWA (India), SANASA and WDF (Sri Lanka), Grameen and BRAC (Bangladesh) etc.;
- improving political and institutional governance and ensure a stronger and more effective focus on local governance.

7.2 Eradicating Malnutrition and Ensuring Universal Food Security

Malnutrition and food insecurity are two related problems affecting a large number of people in South Asia, particularly women and children (see Table 7.1). In 1999, over 48 percent of children aged less than 5 years in the region were found to suffer from malnutrition while 24 percent of the population as a whole were below the minimum level of dietary energy consumption. Widespread anemia (especially among females), high prevalence of low birth-weight infants, stunting in under-fives, iodine and Vitamin A deficiency are some of the principal problems related to malnutrition in the region. High level of malnutrition is also one of the main contributory factors behind the high mortality rates among mothers and infants in South Asia.[15] In addition, food insecurity is another problem affecting a large proportion of people in the region, particularly those in areas of conflicts and in backward areas.

The target of eradicating malnutrition and ensuring food security is consistent with the Universal Declaration on the Eradication of Hunger and Malnutrition adopted by the World Food Summit in 1996 as well as with the MDGs adopted by UNDP. Strategies to ensure achievement of this target include:

- Policies aimed at increasing food production and increasing efficiency of food markets; these include increased and intelligent investment in natural resource management, both

land and water, greater attention to small-holder agriculture, strengthen regional co-operation in agricultural research and development, efficient targeting of subsidies where necessary, strengthen input and output markets, remove corrupt and monopoly practices in food markets, plan for long-term sustainability of food systems through better matching of supply with evolving demand, and, ensure prudent use of food aid;

- Overcome demand-side constraints through efficient and sustainable income-transfer programmes for the poor such as Janasaviya programme in Sri lanka and the Vulnerable Group Development programme in Bangladesh, strengthen nutrition programmes particularly in its components of breastfeeding, fortification and provision of Vitamin A, iodine and iron, nutritional education and awareness-building, and, school nutrition services (the Tawana Pakistan project and Thriposha programme in Sri Lanka are relevant examples here);
- Investing in improving the educational status of women as this has been found to be an effective contributory factor towards reduction in child malnutrition and improvement in the health and nutritional status of the family;
- Effectively tackling of diseases such as malaria, tuberculosis, HIV/AIDS that compromise food and nutrition security in many of the member countries.

Table 7.1

Nutrition and Development

	Sri Lanka	India	Pakistan	Bangladesh	Nepal	Bhutan	Maldives	South Asia
Prevalence of child malnutrition (% children under 5)-1999	32.9*	47.0	38.2 *	61.3	47.1	18.7	45.0	48.7
Population below minimum level of dietary energy consumption-1999	25.0	21.0	20.0	38.0	28.0	n.a	n.a	24.0
Infant Mortality rate (per 1,000 live births) -1999	17.0	70.0	84.0	58.0	75.0	80.0	21.0	69.0
Under-five mortality rate (per 1,000 live births) -1999	19.0	98.0	112.0	89.0	104.0	107.0	21.0	97.0

Source: Human development Report 2001, UNDP World Development Indicators Database
Notes: na: Not available, * data for year 1995

7.3 Putting in Place a Social Security System

The poor in South Asia not only suffer from deprivations of many kinds but are also faced with large uncertainties in their employment, in the upbringing of children, in health-care and in old age.[16] The importance of a well-designed social security system to address such uncertainties can hardly be over-emphasised in any effective strategy on poverty. Social security provides safety nets for the poor, increase labour productivity in general, enhances equity and serve to strengthen the

[16] World Labour Report 2000, Income Security and Social Protection in achanging World, ILO, Geneva.

development process. Existing social security schemes in South Asia are mostly confined to formal sector employees/workers. For the poor, an overwhelming majority of whom are in the informal sector, such safety opportunities mainly come through non-statutory income-transfer programmes of varying scope. Health-care provisions are somewhat more universal in scope as most South Asian countries have national health-care infrastructure. Most of these, however, are plagued with low quality of service. An important compensatory actor here have been examples of social philanthropy which have played a prominent role in some of the member countries (eg: the Edhi Foundation in Pakistan).

While streamlining social security systems for the formal sector is a need, the larger challenge here pertains to the vast majority of the population who reside in the informal sector. The recent initiatives of SEWA in India and Grameen in Bangladesh to institutionalise social security provisions for its membership are important pointers to what can be done. Sri lanka has examples in the Farmer's Pension and Social Security Scheme and Fishermen's Pension Scheme as initiatives in the unorganized sector. Old-age and widow allowances, albeit of limited scope, have also been introduced in some member countries (eg. Pakistan, Bangladesh).

It is clear that the challenge of putting in place a social security system in South Asian countries cannot mechanically follow statutory models borrowed from the developed countries not the least because of questions of resource availability and institutional capacities. Addressing the challenge hinges not only on a stronger role by governments in social protection and social assistance and greater efficiency in the public health system but also on a range of initiatives from the social and private sectors. The potentials of local governments to play a larger role here need also to be explored.

7.4 Halving the Number of People Without Access to Clean Drinking Water and Sanitation by 2010

Access to clean drinking water and sanitation facilities is considered as one of the highest priorities by poor households. Both help to prevent a number of diseases, improve living environment and thus contribute to improved health of the people. Some of the countries in South Asia have shown significant improvements in terms of access to safe water and sanitation during the last decade. For example, during the 90s the proportion of the population with access to improved water resources increased from 66 to 81 percent in Nepal and 66 to 83 percent in Sri Lanka. Bangladesh too had achieved near universal access to tubewell water but this achievement has lately been overshadowed by an emerging problem of arsenic contamination of ground-water. Notwithstanding these achievements, a large number of the people in the region continue to suffer from inadequate water resources and sanitation facilities. Over 800 million people (64 percent of the population) were reported to lack access to sanitation facilities in year 2000 while about 150 million suffered from inadequate access to clean drinking water. In India and Nepal in particular, over two-thirds of the population did not have access to sanitation facilities in 2000. All the other countries in the region except Sri Lanka had over 30 percent of their population without adequate sanitation facilities. In

addition, there are wide variations within each country across sectors and regions with the rural poor and urban slum population being a particularly deprived group.

The challenge of halving the number of population without access to clean drinking water and sanitation requires policy attention and programme initiatives in a number of areas including:

- ensuring adequate budgetary allocations. For example, in Pakistan the share of GDP allocated to these activities has gone down from 0.30 percent in 1995-96 to 0.13 percent in 2000-1;
- Encourage and promote community participation and ensure greater and more effective role of local governments;
- Facilitate private sector participation where meaningful. An appropriate water pricing policy taking relevant economic criterion into consideration is an important pre-requisite here; such a policy will encourage more careful utilization, avoid waste and raise revenues which can be used to meet infrastructural costs;
- Launch large-scale awareness campaigns. The important challenge here is to universalise personal hygiene as a general social value. Research has shown that a sizeable proportion of rural non-poor households too are negligent with regard to sanitation standards.[17]

7.5 Halving the Number of People Without Access to Primary Education

South Asia has emerged by now as the most illiterate region in the world with over 400 million illiterate people. Approximately 45 percent of adults (aged above 15 years) in South Asia are illiterate; the proportion is over 50 per cent in Pakistan, Bangladesh, Nepal and Bhutan. Sri Lanka and Maldives are the two exceptions in the region enjoying a literacy rate of over 90 percent. The net primary school enrollment ratio for the region was about 77 percent in 1997 compared to 94 percent in Latin America and 87 percent in Middle East and North Africa. There is also a high level of gender inequality in literacy and school enrolment rates: adult literacy rate for females in the region was 43 percent in 1999 compared to the total adult literacy rate of 55 percent. In Nepal, female literacy rate is only about 20 percent, in Bangladesh and Pakistan, 28 and 30 percent respectively. Moreover, female primary enrollment ratio (gross) as a percentage of male ratio is 75 percent or lower for Pakistan, Nepal and Bhutan. Sri Lanka and Maldives, however, indicate a high level of gender parity in terms of education indicators.

Halving the number of people without access to primary education by 2010 is simply the initial goal. South Asia has to work towards achieving universal primary school completion by the year 2015 as targeted under the MDGs. Mere improvement in enrollment rates too is not sufficient. Drop-out rates are quite high though there are large variations within the region with Sri Lanka and Maldives having very low drop-out rates (2-3 percent) while the rates are as high as 50 percent in Nepal, Pakistan and India.

There is no unique strategy or a set of policies that can be adopted by all the South Asian countries

[17] Hossain Zillur Rahman & Mahabub Hossain (ed) *Re-Thinking Rural Poverty: Bangladesh as a Case Study*, SAGE India Pvt Ltd, 1995

to benefit equally as the challenge is different in different countries depending on their existing performance. Countries like Sri Lanka and Maldives have already achieved near universality in primary education while others have a long way to attain the target. Some of the critical policy and programme concerns here are:

- Expansion of school facilities to accommodate all school-age children; as already proposed under government policies of many South Asian countries, primary schools should be available within 1-2 kilometers of the home of any child aged 5-10;
- Adequate budgetary allocation not only on teacher salaries but also on teacher training, teaching materials etc.;
- Incentive mechanisms to promote school enrollment and attendance among poor children: these can include free school uniform programme, mid-day meal programme (a succes story in Tamil Nadu, India), provision of subsidized public transport etc, programmes which have already been found to be effective in countries like Sri Lanka. The government food-for-education programme and non-formal primary schools of NGOs in Bangladesh targeted to poor children were instrumental in boosting primary school enrollment in the 90s.
- Enactment and enforcement of a compulsory primary education law; many countries have already adopted the law and the challenge is really of appropriate enforcement;
- A strong commitment to promote the quality of education. Even countries which have achieved near-universality in access are plagued with a number of quality constraints. Quality concerns to be addressed include teacher quality, quality of curricula and educational materials as well as quality of management of schools and supervisory systems. Various possibilities of public-private partnerships should be vigorously pursued to achieve quality goals.

Table 7.2

Access to Sanitation, Safe Water and Education in South Asia

	Sri Lanka	*India*	*Pakistan*	*Bangladesh*	*Nepal*	*Bhutan*	*Maldives*	*South Asia*
Population without access to safe water 2000								
Number (millions)	3.2	121.7	16.6	3.9	4.6	0.8**	0.01**	n.a
As a % of the total population	17.0	12.0	12.0	3.0	19.0	42.0	4.0**	11.0
Population without access to sanitation 2000								
Number (millions)	3.2	699.7	53.8	60.6	17.5	0.6**	0.09**	n.a
As a % of the total population	17.0	69.0	39.0	47.0	73.0	30.0**	34.0**	n.a
Access to Primary Education								
Primary school enrolment (%) gross –1997#	109.0	100.0	74.0	92.0	113.0	73.0	131.0	97.0
Female primary enrolment (as % of male) 1995-99	98.2	82.8	69.6	96.9	74.2	75.6	97.6	83.0
% of children dropping out before grade 5 (1995-99)	3.0	48.0	50.0	30.0	56.0	14.0	2.0	45.8
Adult Literacy rate (%) -1999	91.4	56.5	45.0	40.8	40.4	42.0	96.2	55.1
Adult Literacy rate for female (%) -1999	88.6	44.5	30.0	29.3	22.8	n.a	96.2	43.2

Sources: Human Development Report 2001, UNDP, Human Development in South Asia 2001, Mahbub ul Haq Human Development Center
Notes: na = Not available, ** data for 1990-96,
For some countries, data refers to the most recent year available, Pakistan (1996), Bangladesh (1995), Bhutan (1993)

7.6 Eliminating All Forms of Child Labor and Trafficking

Child Labour

Nearly a quarter of the world's children live in South Asia and they comprise of over 40 percent of the region's population. A large number of these children are subject to various forms of child labour and slavery every year, most common forms being bonded labour, child soldiers and child prostitution.

"Bonded child labour" refers to the phenomenon of children working in conditions of servitude in order to pay off a debt incurred by relatives or guardians - usually a parent. It is a form of child slavery widely practiced in South Asia, particularly in countries like India. Most of these children are put into bondage in exchange for comparatively small sums of money.[18] Children sold to bond masters (who are often the employers or the landowners) work for long hours under hazardous conditions and often become victims of violence and sexual harassment. The most common form of work they engage in include agricultural and plantation industry, carpet and textile, mining and construction work, and, domestic service. In addition, a large number of children from South Asia are taking part in armed conflicts. Many of them are forcibly recruited as child soldiers, while some have joined voluntarily as they are provided with food, shelter, employment and security. These children live and work under very harsh conditions and are often compelled to witness and participate in acts of brutality against civilian population. The problem has been particularly acute in Sri Lanka, Pakistan and Nepal. Child labour is also widely used in the sex industry; a large number of children, particularly young girls are forced or otherwise coerced to enter the sex trade each year, and many of them are sold and trafficked across international borders.

The governments of South Asia have made commitments to uphold United Nations Convention on Rights of Children (CRC) and have strengthened this convention through SAARC.[19] Yet a large number of children in the region continue to become victims of various forms of child labour. There are several practical measures that governments can take to improve the situation:

- Amend domestic legislation to bring it in line with international standards including provisions for penalties against offenders;
- Prohibit the recruitment of children into armed groups and their use in electioneering and promote the recognition and enforcement of these standards by all concerned;
- Raise awareness amongst the poor about the ills of child labour and promote alternative livelihood opportunities for households caught in vicious cycles of poverty and traditional norms;
- Enact and enforce a compulsory primary education law and various other measures to retain children in education till 18 years;

[18] In India, these debts range on average from 500 to 7,500 rupees, depending on the industry and the age and skills of the child. (South Asian Coalition for Child Servitude)

[19] The Ninth SAARC Summit also decided on eliminating the evil of child labour from the SAARC region.

- Mobilize the business community including the tourist industry against commercial sex exploitation of children;
- Encourage the participation of CBOs and NGOs in the protection of child rights and combat against child labour.

Trafficking

Trafficking in women and children is a burgeoning issue in South Asia and requires urgent and concerted responses. Women and children are trafficked principally for prostitution but also for a wide range of other purposes including the entertainment industry, drug trafficking, organ transplant, carpet, garment and brick industries, and domestic work. It is often the women and children from impoverished families in rural areas and urban slums, poor women migrants to urban areas seeking jobs, ethnic minorities, "scheduled castes" or "backward classes" and illegal migrants who become the victims of trafficking. They tend to end up in slave-like conditions and are extremely vulnerable to continued exploitation as they lack livelihood choices and access to services, and often have illegal status and unable to speak the local language.

There are both supply-side and demand-side factors determining the scale of the problem. On the supply-side, poverty and indebtedness, lack of educational and employment opportunities, low status of women are major factors; previous abuse, dysfunctional families, lax law enforcement, attraction of big cities and materialism also play a contributory role. There are also important demand-side factors including growth of tourist industry, industrialization and its requirements for migrant labour, and the expansion of commercial sex industry.

SAARC countries have adopted a convention on preventing and combating trafficking in women and children for prostitution. The challenge really is at the operational level, to prevent trafficking, protect victims and penalize traffickers. International agencies such as ILO and UNIFEM are important partners here. A strategic approach will have to address both demand-side and supply-side factors including:

- addressing livelihood concerns of families and groups at risk of being trafficked particularly in border areas;
- improving access to education, skill training and employment for women and girls from poorer families;
- mobilizing the business community, particularly the tourist industry, against commercial sexual exploitation of women and children;
- promoting awareness through the use of media on the trafficking problem and its underlying causes and the consequences faced by the victims;
- amending domestic legislation and strengthen regional Conventions to ensure efficient implementation and enforcement of legal provisions to protect women and children from being

trafficked and penalizing offenders, sellers, traffickers, and other illegal service providers;

- establish bilateral and multilateral agreements to prevent trafficking across borders, harmonizing laws to deal with regional and international trafficking syndicates and networks and humane repatriation of those trafficked;
- undertake programmes of rehabilitation and re-integration of victims including provision of health-care, legal advice, counseling and training in partnership with NGOs and CSOs.

Chapter 8

Towards an Action Plan

Objective	Priority Actions/ Strategies	Reforms Initiated Starting
1) Halving Poverty by 2010	**Building a Supportive Macroeconomic Environment**	
	▪ Fiscal consolidation - Revenue enhancement, expenditure reduction and improve efficiency and effectiveness of public expenditure	2003
	▪ Maintain Price Stability and a sustainable Balance of Payments	2003
	▪ Trade and investment policy reforms:	
	- Reduce tariff barriers	
	- Increase access to market and trade information for exporters and support in overcoming trade barriers in other countries	2003
	- Promote private sector investments in infrastructure projects	2003
	▪ Labor market reforms- expansion of employment opportunities, increasing labour productivity and enhancing flexibility in the labour market	2003
	▪ Financial Sector reforms to expanding investment opportunities and improve the soundness of the financial system	2003
	▪ ** Reforms in the power sector, particularly in electricity (Sri Lanka and India)[20]	2003
	Creating Opportunities for Pro-Poor Growth	
	▪ Improve market access by connecting poor regions to dynamic markets through improvement in infrastructure facilities such as roads, transportation and communication facilities.	2004
	▪ Revitalizing rural development	2003
	- Actions to raise productivity and income in small-holder agriculture	2003
	- Improving water resource management	2004
	- Modernizing the Agricultural market system	2003
	- **Restructure and revitalize Agricultural Development Bank Pakistan (ADBP) and extend its outreach (Pakistan)	2003
	▪ Foster Small and Medium Enterprise (SME) Development.	2003
	▪ Facilitating employment opportunities for the poor groups through provision of training and capacity development, credit and technical assistance aimed at self-employment.	
	Improving Social Services and Strengthening Social Protection Systems	
	▪ Improve access to quality education, health care and nutrition facilities	2003

[20] ** Indicates specific actions need to be taken by the country/countries mentioned within brackets.

	▪ Strengthen income transfer programmes for the poor and vulnerable groups	2003
	▪ Increase and ensure efficient use of Social Welfare spending	2003
	▪ Encourage private sector and NGO participation in financing and facilitating social services and social protection schemes.	2003
	Empowering the Poor and Strengthening governance	
	▪ Strengthen the existing Micro-credit organizations by providing financial and other supports.	2003
	▪ Encourage the NGO sector to initiate social mobilization and community development programmes	2003
	▪ Actions to develop human capital in the public sector to foster better governance	2004
	▪ Decentralization of decision-making, planning and implementing development projects at the local/district level	2003
	▪ Improve accountability, transparency, predictability and popular participation in public affairs.	2003
	** Reducing Conflict Related Poverty through development of agricultural and fisheries sectors, provision of social services, creating infrastructure facilities and promoting livelihood opportunities in the war-torn areas. (For Sri Lanka)	
2) Eradicating Malnutrition and Ensuring Universal Food Security	**Increase Food Production**	
	▪ Improve investment in agriculture, fisheries and rural development	2003
	▪ Improve access to land, credit, water, agricultural inputs, and markets by small farmers and rural poor.	2003
	▪ Subsidies should be better targeted to benefit the poor and the marginal farmers.	2003
	▪ Strengthening Regional Co-operation in agricultural Research and Development.	2004
	▪ Improve intra-regional and inter-regional trade in basic food items	2003
	Increase Access to Food by the Poor and Venerable Groups	
	▪ Provision of food subsidy and income transfers to low-income households	2003
	▪ Strengthen income-generating livelihood opportunities among the poor	2003
	Enhance Health and Nutritional Status Among Women and Children	
	▪ Improve nutrition through primary health care and nutrition education	2003
	▪ Improve Health care facilities, particularly in rural areas	2003
	▪ Enhanced Mother and Child Health Programmes	2003
	▪ Strengthen programs on proper weaning and feeding practices	2003
	▪ Special programme to reduce the incidence of Malaria, HIV/AIDS, water borne and other communicable diseases.	2004
	▪ Facilitate private and NGO sectors to involve in the provision of health services	2003

3) Putting in Place a Social Security System	▪ Extend the coverage of social security schemes to cover a large proportion of population including the private sector workers and self-employed persons	2003
	▪ Introduce social security schemes such as, employee's benefits, medical and social insurance schemes in the unorganized sectors.	2004
	▪ Encourage and facilitate private sector and NGOs (including Microfinance Institutions) to provide social insurance to low-income households	2003
	** Establish a superannuation Benefit Funds Regulatory Commission to oversee pension reforms and permit private pension funds (Sri Lanka)	2003
	** Explore and Initiate a complimentary health insurance scheme (Maldives)	2003
4) (i) Halving the Number of People without Access to Clean Drinking Water and Sanitation by 2010	▪ Allocation of adequate resources for supplying water resources and sanitation facilities	2003
	▪ Improve the quality of drinking water and the coverage of water supply and sanitation facilities	2003
	▪ Promote community participation in planning, management and monitoring of water supply and sanitation schemes at the local level.	2003
	▪ Regular monitoring of the quality of drinking water	2003
	▪ Facilitating private sector participation in proving water and sanitation facilities	2003
	▪ Introduction of a water pricing policy based on the cost of delivering water and other economic criteria	2003
	▪ Encourage Microfinance institutions and CBOs to provide the poor households with financial assistance for improvement of water and sanitation facilities (constructing a water well, latrine and etc)	2003
	▪ Awareness programs on hygiene and good sanitary practices	2003
	** Promote land use planning to protect freshwater aquifers (Maldives)	2003
4) (ii) Halving the Number of People without Access to Primary Education	▪ Expansion of schooling facilities and recruitment of new teachers, particularly in rural /remote areas	2003
	▪ Improved allocation of budgetary expenditure on education	2003
	▪ Improve the quality of teaching by teacher training programmes and provision of teachers' guides.	2003
	▪ Encourage private sector to involve in the education sector	2003
	▪ Establish systems of evaluating and assessing the learning achievements of students and monitoring teachers' performance at local/district levels.	2003
	▪ Reforms in the curriculum and examinations	2003
	▪ Provision of free school textbooks covering a wide range of subjects to primary school students.	2003
	▪ Strengthen Mid-Day meal programme and provision of free school uniforms, particularly for students from low-income families.	2003

	▪ Incentives to improve access to school by female students ▪ Ensure education for street children	2003 2004
5) Eliminating All Forms of Child Labor	▪ Examine and review laws and regulations to promote and protect children's rights and eliminate child labor ▪ Implement the SAARC Convention on Regional Arrangements for the Promotion on Child Welfare in South Asia. ▪ Actions to prohibit the compulsory or voluntary recruitment of children less than 18 years into armed forces, terrorist or political groups. ▪ Penalize the offenders, traders and employers who use or trade child labour for various purposes. ▪ Raising awareness among the children and their families, particularly the poor about various forms of child labour such as child prostitution and the consequences. ▪ Mobilize the business community including the tourist industry against commercial sex exploitation of children. ▪ Encourage the CBOs and NGOs to participate in the protection of children's rights and combat against child labour ** Actions to change the traditional norms and the landlord systems still prevalent in some regions. Ex: Land Reforms (in Pakistan and India)	2003 2003 2003 2003 2003 2003 2003 2004
6) Eliminating Women and Child Trafficking	▪ Amending the domestic legislation and strengthen regional Conventions to ensure efficient implementation and enforcement of legal provisions to protect women and children from being trafficked. ▪ Penalizing offenders, traffickers, and other illegal service providers. ▪ Provide education facilities and alternative livelihood opportunities for children and women who are at risk of being trafficked (particularly those who live near cross-border or coastal areas and those who belong to scheduled castes and backward classes) ▪ Promoting awareness, through the use of media, of the problem of trafficking in women and children and severe consequences faced by the victims. ▪ Actions for the rehabilitation and reintegration of the victims such as establishing protective homes or shelters, provision of health care facilities, counseling and etc. ▪ Establish collaborate efforts for law enforcement and repatriation of those trafficked.	2003 2003 2003 2003 2003 2003

Chapter 9

Operational Recommendations

9.1 Recommendations for Addressing Implementation Problems

Coordination

In the South Asian reality, suggestions for improving coordination in the field of poverty alleviation need to be based on past experience and some basic principles. Firstly, government structures in these countries may be more suitable for policy formulation, monitoring, coordination, funding and facilitation rather than the actual work of implementation. The latter should perhaps be left to local government bodies, NGOs, cooperatives, CBOs, etc. as far as possible. Secondly, coordination needs to be ensured at various levels and not just at the top. Thirdly, existing structures of coordination should carry the weight of the highest power centre within the state machinery in order to obtain speedy and quality results. Lastly, the technical ability of the coordinating body needs to be enhanced for it to be effective.

In South Asia, the Planning Commission/ Ministry/ Department has traditionally been invested with the co-ordinating function on poverty policies and programmes. The move towards market-led development in much of South Asia has eroded over the years the strength of this coordinating role. The political reality is one in which to be meaningful the coordination role has to become associated with the highest power centre, the chief executive role performed by the Prime Minister in India, Bangladesh and Nepal, the President in Pakistan, Maldives and Sri Lanka and the King in Bhutan. To begin with, the chief executive should perhaps become personally identified with the implementation of the most important poverty alleviation programmes of the country, and use his/her office to identify bottlenecks and facilitate their speedy and smooth implementation. In a latter phase, this could expand to limited monitoring. At the final stage, the implementation, monitoring and evaluation body now under the Planning Commission/Ministry/ Department would be required to be brought under the chief executive's office. All these suggestions imply that chief executive's office should be equipped with greater expertise in respect of poverty alleviation and also be a model for internal coordination, so that the coordination committee is not too large and unwieldy, coordinating meetings are not long drawn and numerous, and, on the contrary, are well attended and coordination leads to quality decisions and their swift implementation.

For coordinating field level implementation of poverty alleviation projects/programmes by various agencies, the choice is limited between the local administration (i.e. DC, SDO, etc.) and the elected local government body. The former is the field extension of the central/federal or state/provincial government, while the latter consists of several tiers in the rural areas and municipal bodies in the urban areas. Elected local government bodies have greater legitimacy and are more accessible by the

common people. However, at present, they lack adequate finance, personnel, functions and authority in most South Asian countries. Thus, they have to be strengthened in order for them to be effective coordinators at the grass roots level.

Other important steps to strengthen coordination include development of self-regulatory mechanisms and voluntary apex bodies for NGOs, cooperatives and local government bodies, greater attention to norms and guide-lines for implementing agencies and sectoral coordination by Ministries/Departments of the various poverty-oriented programmes of different types of organizations falling within their respective areas of jurisdiction.

Decentralization

To strengthen the decentralization process in South Asia, a number of steps may be considered:

- strengthen legislation to ensure better representation of disadvantaged groups such as women, lower castes and minorities in local government bodies and the committees there under and provisions of adequate and meaningful functions for such representatives to carry out;
- facilitate collaboration between local government bodies and the private sector (both profit and non-profit) so that better quality services may be provided to the disadvantaged;
- implement present local government election code stringently (and if necessary amend the same) in terms of holding elections regularly, reducing nomination fees, punishment for exceeding stipulated election expenses, operation of independent election watchdog bodies, issuance of identity cards to voters, strengthening voters' education, exclusion of loan defaulting candidates, compulsory declaration of assets and income by the candidates, etc., so that use of money and muscle power and undesirable manipulation during the election can be minimized;
- encourage local government elected functionaries to form their own associations at various levels, so that they, in collaboration with civil society, can effectively lobby for more funds, authority, personnel and functions;
- reduce the size of the primary constituency for local government elections so that money and muscle power can have little role in influencing the voting pattern;
- motivate local government leaders not to focus only on central financial resources but also to tap into the social capital of the localities;
- create a permanent and independent local government commission so that policy- making and day to day operation regarding local government bodies are separated from one another, and at the same time legitimate interests of the local government bodies in terms of finance, personnel and functions are safeguarded;
- delineate the areas of poverty alleviation where local government bodies perform best;

similarly, ensure pro-poor focus in current activities of local government bodies and interface local governance more closely with local economic growth and employment generation.

In the end, the South Asian experience in decentralization has so far shown a contrast between a "big push" approach (Kerala, West Bengal, etc.) and an "incremental" approach (Bangladesh, Nepal, etc.). The overall social and political dynamics will ultimately decide the content and pace of decentralization. However, it is only with the strong lobby and advocacy by the civil society that meaningful progress can be achieved in this field, whatever be the overall approach.

Corruption

Any meaningful strategy on corruption must assume a minimum political will at the highest levels. Under such an assumption, the following concrete steps merit consideration:

- the anti-corruption drive is launched with the punishment of a small number of highly known corrupt functionaries (politicians as well as bureaucrats) in government, parastatal bodies and local government organisations as a symbolic gesture. This will be crucial to building credibility and establishing an atmosphere of psychological deterrence;
- poor salary levels are often cited as reasons for corruption. While budgetary limitations rule out any major increases except perhaps to adjust with inflation, a number of incentives (both moral and material) can be provided to civil servants and public officials with the highest integrity and best performance. These can include civil awards, medals, bonuses, prize postings, fast track promotions, education and training abroad, sabbatical leave, burial in special graves, inclusion of name in the honour roll, etc;
- all laws, rules, regulations, administrative orders, official practices, etc., in general, and those relating to public appointments, procurement, and financial transaction in particular should undergo a thorough scrutiny and be suitably amended, so that the scope of arbitrariness, discretion and ambiguity, which gives rise to corruption, is reduced to the minimum;
- strengthen information flow to the media, particularly in relation to public appointments, procurement and financial transactions;
- require political parties to keep accounts, and have these audited and published. This can help anti-corruption bodies to monitor the corruption nexus between big business and political parties. Similarly, the Election Commission should stringently enforce rules regarding election expenses since the disregard for such rules fuels the corruption process when victorious candidates attempt to recoup the huge election expenses incurred by them;
- there is a sustained public motivation and moral campaign and education against corruption at all levels, using all media, namely print, electronic, religious, cultural,

educational, etc. and involving NGOs, CBOs, religious and cultural workers, teachers, journalists and the civil society at large;

- all decisions regarding lucrative matters are allowed to be taken only collectively and in a transparent manner;
- all top public officials (politicians and senior civil and military officials) are required to declare their assets every year, with a detailed breakdown and submit a copy of their tax returns to the Anti-Corruption body, and the latter is allowed to investigate any discrepancies;
- the Anti-Corruption body is strengthened in several ways, such as (a) purging of notorious elements from within it; (b) posting of some of the best civil servants of the country to its leading positions through a neutral and high level Search Committee; (c) making the organisation autonomous of the chief executive's control, and if possible bringing it directly under the Chief Justice for a period of five years; (d) restricting the anti-corruption body's role to only large-scale corruption, leaving petty ones to be dealt with departmentally; (e) training anti-corruption officers in law and finance so that they are effective in prosecuting corrupt officials; (f) giving wider powers (arrest and search of arrested persons, right to investigate any bank account, the power to force witnesses to attend questioning, etc.); (g) the anti-corruption officials are well equipped to do their job; and (h) while salaries cannot be specially increased for anti-corruption officials, they should be provided with subsidised rations, like the armed forces officials;
- the existing law is made more stringent, so that the intention of engaging in corruption is also made punishable; those found corrupt are made to return stolen money/property, and also receive punishment; even after death, the stolen property can be confiscated if corruption is proved later on, and South Asian nationals living abroad can also be prosecuted for committing corruption;
- establish special tribunals headed by Judges to try only anti-corruption cases, and several High Court judges are specially earmarked to hear only anti-corruption appeal cases, so that these can be speedily disposed of;
- establish a special body headed by a retired Supreme Court Judge to hear complaints of corruption and high handedness by anti-corruption officials, and on its recommendation, the Chief Justice is empowered to summarily dismiss such officers;
- South Asian countries to work collectively to ensure that stringent laws are passed;
- South Asian countries to work collectively to ensure that stringent laws are passed in developed countries against flow of money earned through corruption from developing countries (including South Asia) to developed countries.

Accountability and Transparency

In addition to the steps suggested for addressing corruption, the following require priority attention

to improve South Asia's record on accountability and transparency:

- strengthen parliamentary committees with research and logistics support so as to enable them to discharge better their apex role in ensuring accountability;
- increase the effectiveness of the audit system through carrying out management audits and physical inspections, establishing individual responsibility for lapses pointed out and increasing coordination among audit and anti-corruption bodies;
- put in place office(s) of ombudsman to tackle the problems of mal-administration in countries where it does not exist;
- prepare and pass a Right to Information Act and ensure corresponding revision of the Official Secrets Act;
- open up the electronic media to the private sector in a non-partisan manner in those South Asian countries where progress in this regard has been slow;
- strengthen civil society organizations so that they can be more effective advocates of accountability and transparency.

Managing the Policy Process

Both small and big steps are called for to improve the policy process in South Asian countries. The emphasis should not simply be on enacting paper legislations but on creating ground level norms. A multi-management approach (i.e. involving collaboration among GOs, NGOs, LGOs, CBOs, etc.) is a need of the hour while the policy process as a whole must be made more sensitive to implementation difficulties faced at the ground level. Finally, a critical analysis of the methodology adopted for preparing the Poverty Reduction Strategy Paper (PRSP) in several South Asian countries in recent years may be a good starting point for effective insights as to how to manage the policy process better with regard to poverty alleviation in the region.

Role of Development Partners

Development partners are an important actor in the field of poverty alleviation in many South Asian countries. Some specific suggestion to enhance the efficacy of their role are:

- funded programmes should ensure transparency and accountability, a functional monitoring and evaluation mechanism and should enhance the capacity of local staff and people;
- focus of participatory initiatives should not only be on civil society but care should be taken that legitimate elected representatives are not by-passed. Participation should strengthen rather than supplant or by-pass existing democratic framework;
- undue pre-occupation with standardised models which are insensitive to local culture, physical environment and available means of implementation should be avoided;

- donor co-ordination, both amongst themselves and with governments, should be a priority focus.

GO- NGO Relationship

NGOS in South Asia have emerged as critical actors on the poverty front and the governments of the region are paying due attention to the fact. That NGOs have a role to play should no longer be an issue. The concern rather is with strengthening the opportunities where NGOs can continue to play meaningful roles and establish track records of credibility and trust. Several steps merit attention here:

- partnership between NGOs and local government bodies should be fostered since both of them have the best access to the poor and the disadvantaged;
- strengthening good governance norms within the functioning of individual NGOs and their apex institutions is important to enhance their legitimacy and open up newer areas of co-operation with public authorities;
- government should streamline bureaucratic procedures and facilitate the operation of NGO programmes while ensuring appropriate transparency and accountability.

9.2 Recommendations on Implementable Regional Initiatives

9.2.1 A South Asian Data-Base on Poverty Alleviation Best Practices and Regional Cooperation Program on Dissemination

South Asia boasts of a number of 'best practice' initiatives in the field of poverty alleviation some of which have gone on to earn world renown. The region, however, lacks a comprehensive and credible data-base on such 'best practices' and in particular on what particular features constitute the 'best practices' in question. The reality of 'best practices' constitute a garden of hope amidst the dismal record on poverty alleviation in South Asia. An indication of the diversity and depth of best practices in South Asia is offered in an earlier section of this Report. However, the region will be well served by the availability of a comprehensive and regularly up-dated data-base maintained through professional and transparent procedures and its effective dissemination through a regional cooperation programme.

The following steps are envisaged in operationalizing this initiative:

Step 1: Inventorizing of Best Practices

This involves the following tasks:

Task 1: Literature review: A review of professional literature would be undertaken to identify

practices which have been: (a) adequately documented, and (b) those which have been identified but insufficiently documented. (Task: Regional and National consultants).

Task 2: Development of a generic format for description of best practices: In order to ensure that the inventorized Best Practices are described in a manner that makes it feasible to disseminate and replicate them, a generic reporting format is advisable. This format may be generally adhered to, but variations depending on the situation at hand may be necessary in particular cases. (Task: Commissioners and Regional Consultants).

Task 3: Field work for identification and description of best practices: Identification and description of successful practices not yet available in the professional literature, or identified but insufficiently described, would require field visits to locations within each country. The field visits would focus on collection of information, including factual data and visual/audio material, which is sufficient to provide a detailed description of the practices at least in terms of the generic format. An analysis would also be made of the necessary conditions for success of each model, and circumstances in which the models may not succeed. (Task: National consultants).

Task 4: Evaluation and collation of successful models: The outputs from Task 3 would be assembled and evaluated in terms of criteria to be agreed by the Commissioners (e.g. innovativeness, impact, potential replicability, resource and skill requirements). The practices which meet the criteria would be compiled into the "SAARC Inventory of Best Practices for Poverty Alleviation". (Task: Commissioners assisted by Regional consultants).

Step 2: A Regional Capacity Building Program for Dissemination of Best Practices

The Inventory of Best Practices compiled in Step 1 would comprise the primary material for capacity building in the region. Further training materials may need to be prepared for pedagogic purposes for different audiences. The audiences at the regional level may include policymakers, faculty of development research and training institutions, and apex voluntary organizations. The regional capacity building program may comprise of the following tasks:

Task 1: Preparation of training materials: As noted above, the training materials would draw on the SAARC inventory of best practices for poverty alleviation, and be tuned to the needs of different target audiences. The training would directly relate to application of the Best Practices in the market situation, and must be relevant to issues in the lives of the poor, specific, result oriented, practical and focused (Task: Regional consultants).

Task 2: Conduct of regional and subregional capacity building activities: The activities may be focused on different themes and if appropriate may be organized separately for policymakers and trainers. The activities may comprise workshops and field visits. In respect of the capacity building for trainers, the participants may, as validation of the capacity building, prepare training materials in national/local languages tuned to their country audiences. (Task: Regional consultants).

Task 3: Setting up a website and e-group: The compiled materials, including the inventory, regional training materials, country focused training materials, and coordinates of resource persons may be placed on a dedicated website. All participants in the program, as well as resource persons would be included in the e-group. The website would have provision for comments and queries to be posted from a wider audience. Provision for continuous updating of the data-base through a Steering Group (the Commissioners may be a possibility here) can be included at a later stage. (Task: SAARC Secretariat, Regional consultants and Commissioners).

Step 3: Country-based Approaches for Replication

This step would comprise activities at the individual country level, and would draw upon the foregoing work of inventorization and capacity building at the regional level. The country level activities would broadly comprise local capacity building, pilot scale replication of suitable models, followed by full-scale replication where the pilot scale phase is successful. The elements of regional cooperation in the country level programs may be facilitated by the SAARC Secretariat. (Task: National authorities, donor agencies, SAARC Secretariat).

Funding

The regional level activities may be funded through a regional technical assistance project for which contributions may be made by SAARC members and development partners

9.2.2 Promotion of Rural Technology in SAARC

Development of rural industries and creation of employment opportunities in non-farm sector holds the key to elimination of poverty in South Asia. Though the share of agriculture in GDP in most South Asian economies has declined significantly, a commensurate decline in the workforce dependent on agriculture for livelihoods has not occurred. Development of rural industries has been slow and sporadic. These family-owned industries of small size and low technological base lack access to credit and marketing facilities. In spite of these shortcomings, they employ a significant proportion of the work force engaged in manufacturing activities. The rural industries and small and medium enterprises in rural areas face threats from many quarters. The integration of South Asian economies with the world market is just one of the threats. They also face major threats from products produced by large domestic enterprises at lower cost and often better quality. Revival of rural industries and their growth critically depends on infusion of fresh technology, capital and other inputs.

Technological support to rural industries would need to encompass all aspects of the production process. These would have to cover product design, production processes, product packaging, and marketing. In addition creation of a suitable policy environment, which enhances access of rural

enterprises to material inputs, financial assistance, and infrastructure critical to their survival, has to be ensured.

The following steps are envisaged towards operationalizing the inititaive:

Step 1: National Initiative on Rural Technology

At the national level, the major steps required for infusion of technology in rural areas would be:

- Identification of opportunities based on which viable and sustainable enterprises could be set up, including identification of industries and clusters which could be promoted in specific areas;
- Identification and facilitation of transfer of appropriate technologies to existing units;
- Formulation of a package of development interventions that should include identification, training of potential entrepreneurs in rural areas, provision of financial, technical, and marketing linkages;
- Creation of a policy environment that is conducive to growth of small enterprises through infrastructure development of rural areas, fiscal, and other incentives.

There are many institutions presently active in promotion of rural technology in all countries. However, an institutional mechanism for coordinated action is generally lacking at the national level. For example, Council for Advancement of Peoples' Action and Rural Technology (CAPART) in India is specifically assigned the responsibility of propagating rural technologies. Yet it has no institutional linkage with Universities, Institutes of Technology (IITs), and other Engineering Colleges, for development of need-based technologies which could be developed in research institutions and transmitted to the rural enterprises through networks of extension agencies.

There are institutions either within the government or funded by the government which monitor available technologies, development of technology in research laboratories, and match them with small and medium enterprises willing to use the technology. In India, Technology Information, Forecasting And Assessment Council, (TIFAC), is an Autonomous body under the Department of Science & Technology. TIFAC supports projects that are identified based on industry requirements and a part of funding for technology development is provided by TIFAC to the Research Laboratories. Council for Scientific and Industrial Research also has similar programmes. Similar situation obtain in other SAARC countries as well.

SAARC could facilitate removal of the disconnect between Research Institutions that develop technology and potential users of technology in rural areas. The Member Governments could coordinate holding of a conference in their respective countries as a first step to identifying existing technologies that could be used by rural industries and facilitate institutional linkages. One of the leading technology research organizations could be identified as lead institution in each country to scan the available technologies and compile their inventory.

Step 2: Constitution of Advisory Group for Rural Technology

Once national level coordination is accomplished and nodal agencies identified in each country, an advisory group of these institutions may be constituted. National governments could also nominate officials of Ministries and Departments dealing with rural industries to the advisory group. Members of industry associations could also be nominated or co-opted. This group would scan existing technologies that are being used by the rural enterprises in SAARC and make an inventory of ongoing research with implications for rural enterprises that would be commercialized within a specified time-frame. Such scanning is an important first step not only for stock-taking but to plan for future technology development appropriate to the SAARC region in order to avoid duplication of effort, time and money. The advisory group could act as a clearing house for rural technologies in the SAARC region.

Step 3: Constitution of a Sub-Group to Identify Niche Products

There are many products manufactured in rural and cottage industries in SAARC that have a niche market in the world. Brassware , pottery, tie and dye silk products are some examples. Value addition to these products could involve greater design inputs. Bamboo products could benefit a great deal from design interventions. Jute and other agro-based products could benefit from introduction of designs and packaging which cater to market requirements. The advisory group could constitute a sub-group on product identification for intensive intervention. The sub-group should identify such products for each country and delegate responsibility for development of suitable technology to identified institutions. For example, if brassware needs design inputs, National Institute of Design in India or similar organizations in other member countries could be approached. If a process-oriented intervention is required, an engineering institute could be contacted.

Step 4: Workshop of Extension Agencies

The advisory group would concern itself with the development of appropriate technology for rural industries. The group would also be expected to look into the aspect of commercial viability, environmental sustainability and other parameters. However, propagation of the developed technologies in the SAARC region would require concerted extension efforts. As a next step, a regional workshop of agencies that could propagate the technologies in the respective countries may be called. Institutions like CAPART, State Extension Agencies, NGOs working with self-help groups that have set up rural industries, could be approached to generate awareness among these institutions about the technologies available with the SAARC countries and the modalities for accessing the technologies.

Step 5: Use of Information Technology to Promote Rural Technologies

Development of technology involves questions of intellectual property rights and royalty payments in many cases. However, the technologies that are not of a proprietary nature and could easily be put out in the public domain need to be propagated in the SAARC region by making available information on these technologies along with necessary details to access them on a website. The website could be created and maintained under the supervision of the advisory group

Financial Arrangement and Role of SAARC Secretariat

National Research Organisations would get funding by the respective governments for undertaking technology development and promotion activities. These apex level organizations in each country could fund activities listed at Step 1. For activities outlined at Steps 2 to 5, a corpus may be created at SAARC Secretariat by contributions from member countries.

SAARC Secretariat could organize the first Conference of the advisory group. The modalities for continued support of the SAARC Secretariat could then be worked out in consultation with the advisory group.

9.2.3 Review of Laws and Policies which Impact on the Livelihoods of the Poor

Poverty alleviation and provision of opportunities that enhance well-being of the poor, power of the people in decision-making, mainstreaming of the informal economy and sustainable development form part of the strategic vision of SAARC. To achieve this vision, it is imperative that national policies, laws, and administrative rules and procedures promote equity and social inclusion. Over the years, all countries have made efforts to enact poor-friendly laws. In spite of such efforts, many laws continue to exist on the statute books that are decidedly anti-poor. Analysis of anti-poor laws and policies can be undertaken at different levels of aggregation. Fiscal and monetary policy that leads to inflation could also be termed as an anti-poor policy as it reduces the real value of the only asset the poor have, that is their labour and wages. Many policies may be neutral in their intent but could be implemented in a manner that is detrimental to the interests of the poor. Even laws and rules that are pro-poor could become anti-poor if implemented by an insensitive bureaucracy.

Given the strategic vision and the goals SAARC has set, it may be prudent to confine the scope of the analysis of anti-poor laws and policies on a few selected issues which affect a large proportion of poor. These are listed below for rural and urban poor separately:

Rural

- Land Tenure Laws
- Laws relating to tribal communities

Urban

- Home-based workers

- Service providers
- Street hawkers and (cycle)rickshaw pullers
- Housing for the urban poor.

The following steps are envisaged towards operationalizing the above initiative:

Step 1: Constitution of Thematic Working Groups

Working Groups on the topics identified above may be set up. The composition of the Working Groups would differ depending on the theme. For example, the Working Group on land tenure laws could have members from respective Central (Federal) / State Governments, research institutions working in the field of agrarian relations, and NGOs working in rural areas. Working Group on service providers/street vendors/rickshaw-pullers in urban areas could have officials of government departments dealing with urban poverty alleviation programmes, NGOs working with urban informal sector workers, representatives of unions of street hawkers/rickshaw pullers, civil liberty lawyers and activists, officials of municipal corporations and micro-finance institutions that have extended financial support to self-help groups in urban areas, as members. Housing for urban poor is a major concern in South Asia. The urban land laws and regulation on floor area index and tenancy need to be re-examined and reformed to encourage construction of residential houses for the urban poor. Access to clean drinking water and sanitation is closely linked to housing. Many countries have provided housing facilities for urban poor by adopting a flexible floor area norm. Singapore is a prime example. In the urban housing Working Group, town planners, chief executive officers of major metropolitan cities, and government functionaries could be members.

Step 2: Identification of Key Policies on Selected Themes

Each Working Group will collect and collate policies followed in individual countries on the topic under discussion. It would also identify best practices in relation to policy/regulations for replication in other countries. Working Groups could also identify themes and issues which require detailed examination. Research studies could be commissioned on these themes so that the regional response formulated is properly grounded and could be easily replicated.

Step 3: Regional Workshops on Identified Themes

The research projects that are adopted for specific topics need to be discussed and deliberated in a Regional Seminar with policy makers and practitioners. Many international donors have adopted some of the topics listed above in their work plan. UNDP, for example, has community based pro-poor initiatives as a part of its working plan in India. SAARC Secretariat could collaborate with such organizations in holding the workshops on each of the topics on which working groups have been set up.

Financing Arrangements and Reporting

Funds for holding meetings of the working groups could be arranged by the SAARC Secretariat, who may source the same from the Governments and Development Partners. SAARC Secretariat could also delegate responsibility for holding conferences and other logistics to individual countries, while continuing to play a coordinating role.

Each working group would prepare a status paper which would contain write- ups on laws and policies that are anti-poor in each country and suggest measures for their elimination. It would then be up to the concerned governments to take further action.

9.2.4 Cooperation and Experience Sharing on Poverty-Relevant Areas

SAARC Heads of Government in their summit meetings have set out their vision for South Asia. Pursuit of sound macro-economic policies, sustainable development, and effective, harmonious and all round co-operation among member countries, are cornerstones of the SAARC vision. Co-operation on economic aspects which could promote overall welfare has not yet been attempted on any significant scale. The ultimate success of SAARC as a regional grouping would largely depend on the level of economic cooperation. However, many areas that have a strong bearing on the strategic vision have not been given adequate attention. It is necessary to expand the ambit of cooperation in the SAARC region on the issues, which are of pan-SAARC nature and could enhance the region's capabilities and bargaining position in international fora. The issues that are amenable to treatment on a regional scale are many. Some of these are already a part of the SAARC mandate. Elimination of poverty or creation of a South Asian Free Trade Area have received considerable attention. Co-operation in the field of energy, transport and tele-communication, fundamental to rapid economic growth, have been attempted in the past at a bilateral level. There are, however, issues that need to be brought into focused discussion. It may also be easier to elicit co-operation of all SAARC members as these issues are largely apolitical and yet are central to the well being of the poor and their quest for decent standards of living. The issues on which greater co-operation will yield large dividends are:

- Agricultural Research and Extension
- Intellectual Property Rights in agriculture and protection of bio-diversity
- IPR protected Life Saving Drugs produced by MNC's
- Natural Calamities and Disaster Mitigation Strategies
- Tourism
- Competition Policy.

Agriculture Research & Extension

Agriculture is still the largest employer of the workforce in South Asia. Foodgrains continue to be the staple diet of the people and providers of not only energy but also proteins. The productivity of agriculture in agro-climatic zones of similar nature in different countries vary considerably. A greater cooperation among SAARC members in agricultural research and extension could considerably enhance agricultural productivity and food security of the region. Collaboration between National Agricultural systems could also avoid duplication of research efforts and release resources for further research.

Intellectual Property Rights in agriculture and protection of bio-diversity

IPRs in agriculture are part of the WTO regime. However, they differ from other IPR's under WTO discipline. Unlike industrial patents or copy rights, no international convention has been signed for IPRs in agriculture which is monitored by WTO. UPOV 1978, and UPOV 1991 have been signed by many countries but adherence to UPOV is neither mandated nor monitored by WTO. India has enacted a Plant Varieties Protection Law. Other countries in the region have either enacted legislation or are in the process of doing so. Regional cooperation in evolving a common position on IPRs in agriculture and protection of bio-diversity is of paramount importance as South Asia is one of the hot spots of bio-diversity. Protection of this heritage is closely linked to our food security as well.

IPRs Protected Life Saving Drugs Produced by MNCs

There have been major developments on grant of exclusive marketing rights and patent protection for life saving drugs produced by multinational corporations since WTO came into existence. South Africa's position on drugs used for treatment of AIDS is a case in points. Various serious communicable diseases remain endemic to South Asia. A common policy on life saving drugs and vaccines would enhance the bargaining power of SAARC members viz-a-vis. MNCs.

Alternative Medicine

South Asia has a long tradition of Ayurvedic, Unani and other systems of medicines for health care. These cut across country boundaries and a common position on research, support, development of medicines and extension efforts could be evolved to provide health care at affordable prices to the poor.

Natural Calamities and Disaster and Mitigation

The World Disaster Report 2001 identified South Asia as the most disaster prone area of the world. Bangladesh was identified as the most flood prone country in the world, followed by India. These

two countries accounted for a major proportion of global loss of life due to natural disasters. Flash floods, droughts and earthquakes have been recurring in South Asia with increasing frequency. An institutional response at the regional level is required for early detection, warning, and for taking up programmes that provide not only immediate relief but also long term rehabilitation and reconstruction. This is especially important in view of the fact that natural disasters affect the poor disproportionately.

Tourism

South Asia has a rich cultural heritage. It has a great tourism potential and could be easily marketed as a composite tourist destination. The sector also has high employment generation potential.

Competition Policy

SAARC countries have followed a path of integration with the global economy. Direct foreign investment policies differ from country to country depending on the perception of the individual countries of the role of FDI in their economic development. However, there are issues other than direct foreign investment on which regional views may be calibrated. One of these relate to competition policy which has been discussed in WTO meetings but no specific decision has been taken. The multinational corporations in developing countries could follow policies which may drive out domestic firms. They could also follow policies which may reduce competition. A clear-cut policy on mergers and acquisitions and other practices that reduce competition is required. These are related to issues of monopoly power and implications for employment opportunities. At present, only US and European Union have strong competition policies. Countries in the South Asia could work out domestic competition policy in consultation with each other that would provide protection to the domestic industries and eliminate practices, which reduce competition.

The following steps are envisaged in operationalizing this initiative:

Step 1: Setting up of Working Groups

Working Groups on each of the topics listed could be set up as a first step. These groups could be formed by the SAARC Secretariat in consultation with national governments and comprising of persons dealing with different aspects of the concerned problem.

Step 2: Meeting of the Working Groups

The Working Groups, as a first step, could undertake a stock-taking exercise. They would also identify themes for collaboration on which further work might be required and commission studies and projects in this regard through either regional institutions or institutions located in specific countries.

Step 3: Reports of the Working Groups

Each Working Group would formulate a plan of action within a definite time frame for collaboration among SAARC members countries on specific themes identified by Working Groups. These would be submitted to the SAARC Secretariat at the end of the specified period. The nodal agency identified under Step 1, would be responsible for ensuring adherence to the time frame set out by the respective working groups.

Financial Arrangements and role of the SAARC Secretariat

SAARC Secretariat would have to take initiative for setting up the working groups. After the national governments have identified and communicated the names of working groups members and nodal agencies, the first meeting of the Working Groups would be organized by SAARC Secretariat. After the initial meeting different SAARC members may be given responsibility for specific working groups. Meeting and conferences on a theme allotted to a country could be arranged by that country. SAARC Secretariat would be associated in meetings of all the working groups and would bring out a status report on work done in each group at the end of the year. The Plan of Action in respect of each theme may be implemented as a regional technical assistance project with support from the SAARC members and development partners.

9.2.5 Experience Sharing and Co-operation on Social Sector Policies

SAARC leaders in their summit meetings since 1985 have emphasized the imperative of social development. Broad targets on wide range of specific themes have been set in different summit declarations. These relate to poverty alleviation, population stabilization, empowerment of women, promotion of health and nutrition, protection of children, inclusion of the poor in the decision-making process, and many other issues specific to the South Asian context. SAARC declarations have also internalized commitments made by the international community in the last 20 years on various social issues. In many cases, the targets set by SAARC heads of governments have been more ambitious than the commitments of member countries under multilateral conventions.

The targets set by the heads of governments have to be translated into specific action in terms of enactment of rights, policy formulation, and initiation of schemes designed to achieve the goals. Though the social issues identified by SAARC for state intervention have been discussed in different summit meetings and ministerial meetings organized by the SAARC Secretariat, a comprehensive mechanism for monitoring and sharing of policy perspectives on specific issues is lacking. A detailed analysis of the SAARC declarations indicates that SAARC leaders have been extremely concerned about the status of children, especially the girl child, trafficking in girls and sexual abuse, use of drugs and narcotic substances, food security, relief to the disabled, and protection to the old and infirm. In addition, access to education, health and other basic needs has been voiced as important concerns.

The following steps are envisaged in operationalizing this initiative:

Step 1: Constitution of Working Groups on thematic issues

Working groups on following themes may be set up:

- Status of girl child including trafficking and sexual exploitation
- Women's empowerment
- Child labour
- Old-age protection
- Empowerment of the disabled
- Nutritional security
- Health
- Education
- Basic needs including water, sanitation, shelter, electricity connectivity.

The members of the Working Group would be nominated by the national governments. While nominating members, the national governments should ensure representation from NGOs working in the respective areas along with officials dealing with these subjects in the Central (Federal) / State Governments.

Step 2: Review of Progress made on Commitments

Each working group would review the commitments made on its theme by the national governments in the international conventions as also in the SAARC summit. It would also collate information on the follow-up actions taken by the countries to fulfill the commitments.

Step 3: Identification of Best Practices on each theme

Enactment of laws and policies for achievement of stated goals is only an enabling mechanism for taking up projects and schemes to realise the goals. South Asia already boasts of a number of innovative initiatives on the concerned themes. An important task of the Working Groups would be to develop digests of best practices through commissioned work or other suitable alternatives.

Step 4: Propagation of Best Practices

The best practices that are collected and collated by each Working Group need to be propagated widely so that local governments, community leaders and non-governmental organizations could

adopt and adapt these practices in their respective areas. Different media channels could be used for propagation of the best practices. Use of information technology by putting these practices on the SAARC web-portal could also be considered.

Reporting Requirements and Financial Arrangements

Considering the importance SAARC heads of governments have attached to the achievements of social goals, each Working Group would report on the progress made in fulfillment of the goals at the end of every year. SAARC Secretariat may be entrusted with the task of compiling the performance report of SAARC countries on social indices to be placed before heads of governments in their summit meetings.

On many of these topics listed above, development partners have been working in the SAARC region. They could be approached for funding the Working Groups, together with SAARC members.

9.2.6 Sharing of Perspectives on Multilateral Negotiations having Poverty Implications

Several multilateral agreements in recent years have significant implications for poverty alleviation. These include the WTO Uruguay Round, followed by the Doha Ministerial Declaration, in turn followed by negotiations on the Agreement on Agriculture, the Johannesburg Plan of Action on Sustainable Development; the Monterrey Declaration on Financing for Development; the (annual) Conference of Parties to the UN Framework on Climate Change, and several others. Similar negotiations in several multilateral forums will continue in the future, either under existing processes, or new ones.

Perspectives of SAARC countries on these negotiations are generally convergent. Nevertheless, in some instances, there may be differences in nuance and priorities among the SAARC countries, reflecting their specific socio-economic situations. Identifying areas of convergence, as well as tracing the sources of differing perceptions may help the policymakers and negotiators interact more effectively at such negotiations to reach mutually favourable outcomes.

The SAARC has, over the years, engaged in several exercises to share perceptions on specific multilateral negotiations. These efforts have been recognized as useful among the participants. Accordingly, it would be helpful to extend and institutionalize these exercises.

The following steps are envisaged in operationalizing this initiative:

Step 1: Constitution of an Advisory Group on Multilateral Initiatives bearing on Poverty Alleviation

The Advisory Group may be nominated by respective governments from amongst its senior officials, development practitioners and academics. The Advisory Group will periodically identify upcoming

multilateral negotiations and similar events of interest to the SAARC members in the context of poverty alleviation in the region and identify critical themes and issues involved in each of these events, which merit mutual sharing of perspectives. The Advisory Group may conduct its business by e-group or video conferencing, rather than traveling to formal meetings. The specific multilateral events, as well as the critical themes and issues would need to be identified well in time, say, one year in advance.

Step 2: Commissioning collaborative studies on identified themes and issues

The SAARC Secretariat would commission collaborative policy studies on themes and issues identified by the Advisory Group by established policy research institutions in the SAARC region. The identification of the collaborating research institutions and the Terms of Reference would be approved by the Advisory Group. A balance would be generally maintained in choice of research institutions in member countries for conducting the studies, and lead institutions may be identified for coordinating particular studies. However, it would not be necessary to identify institutions in each SAARC member to participate in each study.

Step 3: Conducting Regional Seminars on each Multilateral Event

In advance of each multilateral event, a regional seminar would be organized to which key policymakers and negotiators from each of the SAARC members would be invited. Results of commissioned studies would be presented by the concerned researchers to the policymakers and negotiators followed by discussions among the participants with a view to gaining better understanding of the issues, rather than reiterating prior country positions. The SAARC Secretariat would prepare brief proceedings of the seminars for restricted circulation to the SAARC members.

Financing and Reporting

The SAARC Secretariat can explore funding support for this activity from development partners and SAARC members. A report on activities during each year would be prepared by the SAARC Secretariat and reviewed by the Advisory Group. The finalized report would be submitted to the SAARC Summit.

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Annex

Key Statistics

Table 1: Trends in Overall GDP & Per Capita Growth (%)

	Overall GDP Growth[a]		Per Capita GDP Growth[b]
Country	1980-90	1990-99	1990-99[b]
Bangladesh	4.3	4.8	3.1
Bhutan			3.4
India	5.8	6.1	4.1
Maldives			3.9
Nepal	4.6	4.8	2.3
Pakistan	6.3	4.0	1.3
Sri-Lanka	4.0	5.3	4.0
Region			
SA	5.7	5.7	3.4
EAP	8.0	7.4	5.9
SSA	1.7	2.4	-0.4
LAC	1.7	3.4	1.7

Source: [a]WB, 2001; [b]UNDP, 2001

Table 2: Trends in Sectoral GDP Growth (%)

Country	Agriculture		Industry		Service	
	1980-90	1990-99	1980-90	1990-99	1980-90	1990-99
Bangladesh	2.7	2.3	4.9	3.9	5.2	6.3
India	3.1	3.8	7.0	6.7	6.9	7.7
Nepal	4.0	2.3	8.7	7.0	3.9	6.0
Pakistan	4.3	4.3	7.3	4.9	6.8	4.6
Sri-Lanka	2.2	1.5	4.6	7.4	4.7	5.6
Region						
SA	3.2	3.7	6.8	6.3	6.6	7.0
EAP	4.4	3.4	9.5	9.8	8.7	6.6
SSA	2.5	2.5	1.2	1.5	2.4	2.5
LAC	2.2	2.0	0.3	2.1	2.2	3.5

Source: WB 2001

Table 3: Trends in Market Orientation

	Export of goods & services as a percentage of GDP		Net FDI inflows as a percentage of GDP	
Country	1990	1999	1990	1999
Bangladesh	6	13	-	0.4
Bhutan	28	33	0	0.0
India	7	12	0.1	0.5
Maldives	-	-	4.1	3.1
Nepal	11	23	0.2	0.1
Pakistan	16	15	0.6	0.9
Sri-Lanka	30	35	0.5	1.1
Region				
SA	11	15	-	0.5
EAP	41	45	1.6	3.0
SSA	27	29	0.3	2.4
LAC	14	16	0.7	4.5

Source: a UNDP, 2001

Table 4: % of Population below Dollar-a-day Poverty Line

Country	1989-94[a]	1995-97[b]
Bangladesh	28.5	29.1
Bhutan	-	-
India	52.5	44.2
Maldives	-	-
Nepal	53.1	37.7
Pakistan	11.6	31.0
Sri Lanka	4.0	6.6
SA	44.9	37.0

Note: Data refer to the most recent year available during the period specified in the column heading.

Source: [a]UNDP, 1999; b WB, 2001

Table 5: % of Population below National Poverty Line

Country	1980s	Late 1990s
Bangladesh	58.8	49.8
Bhutan	-	-
India	38.9	26.1
Maldives	-	34.0
Nepal	42.0	38.0
Pakistan	26.6	32.2
Sri Lanka	25.0	21.0
SA		

Note: Data refer to the most recent year available during the period specified in the column heading.

Source: ISACPA members

Table 6: Income/Consumption Inequality

	Gini Index (%)	Ratio of income or consumption share of richest 20% to poorest 20%	
Country	1995-97[a]	1980-94[b]	1995-97[a]
Bangladesh	33.6	4.0	4.9
Bhutan	-	-	-
India	37.8	5.0	5.7
Maldives	-	-	-
Nepal	36.7	4.3	5.9
Pakistan	31.2	4.7	4.3
Sri Lanka	34.4	4.4	5.3

Note: Gini Index measures inequality over the entire distribution of income or consumption. Data refer to the most recent year available during the period specified in the column heading.
Source: a UNDP, 1999; b UNDP, 2002

Table 7: Current Status and Trends in Education

	Net Primary Enrollment Ratio (%)		Adult Literacy Rate (%)		Youth literacy Rate (%)	
Country	1980[a]	1997[a]	1985[b]	2000[b]	1985[b]	2000[b]
Bangladesh	60	75	32.0	41.3	40.2	50.7
Bhutan	-	-	-	-	-	-
India	65	77	45.2	57.2	60.0	72.6
Maldives	-	-	93.2	96.7	97.3	99.1
Nepal	66	78	26.5	41.8	39.5	60.5
Pakistan	-	-	31.4	43.2	41.4	57.0
Sri Lanka	96	100	87.1	91.6	93.9	96.8
Region						
SA	64	77	43.7	55.6	57.4	69.8
EAP	86	99	74.7	85.9	93.1	97.4
SSA	-	-	44.4	61.5	61.7	77.7
LAC	85	94	82.4	88.3	90.8	94.0
DC	-	-	62.7	73.7	78.4	84.6
LDC	-	-	39.4	52.8	52.3	66.0

Note: DC = Developing Countries and LDC = Least Developed Countries
Source: a WB, 2001; b UNDP, 2002

Table 8: Current Status of Gender Inequality in Education, 2000

	Adult Literacy Rate (%)			Young Literacy Rate (%)		
Country	Male	Female	Gender Disparity	Male	Female	Gender Disparity
Bangladesh	52.3	29.9	57	61.2	39.8	65
India	68.4	45.4	66	80.0	64.8	81
Maldives	96.6	96.8	100	98.4	99.4	101
Nepal	59.6	24.0	40	76.4	42.8	56
Pakistan	57.5	27.9	48	71.0	41.9	59
Sri Lanka	94.4	89.0	94	96.6	96.6	100
Region						
SA	66.4	43.8	66	77.5	61.2	79
EAP			86			98
SSA			77			89
LAC			98			101
DC			81			91
LDC			68			79

Source: UNDP, 2002

Table 9: Current Status and Trends in Child Mortality

Country	Under-five Mortality Rate (per 1,000 births)			Infant Mortality Rate (per 1,000 births)		
	1988[a]	1990[b]	2000[c]	1988[a]	1990[b]	2000[c]
Bangladesh	188	180	82	118	114	54
Bhutan	197	189	100	127	123	77
India	149	142	96	98	94	69
Maldives	-	-	80	-	61	59
Nepal	197	189	100	127	123	72
Pakistan	166	158	110	108	104	85
Sri Lanka	43	35	19	32	26	17
Region						
SA	156	148	94	101	97	68
EAP			43			33
SSA			174			107
LAC			37			30
DC			89			61
LDC			155			98

Source: [a]UNDP, 1990; [b]UNDP, 1992; [c]UNDP, 2002;

Table 10: Current Status and Trends in Matrrnal Mortality & its Proxy

Country	Maternal Mortality Rate (per 100,000)		Births Attended by Professional Health Workers (%)		
	1988[a]	1985-99[b]	1988-90[a]	1994-96[c]	1995-2000[b]
Bangladesh	650	350	7	14	12
Bhutan	800	380	11	15	-
India	550	540	75	34	42
Maldives	-	350	-	90	-
Nepal	850	540	6	9	12
Pakistan	600	-	11	19	20
Sri Lanka	180	60	85	94	-
SA	570	-	-	-	-

Note: Data refer to the most recent year available during the period specified in the column heading.

Source: [a]UNDP, 1993; [b]UNDP 2000; [c]UNDP 1998

Table 11: Current Status and Trends in Life Expectancy at Birth (Years)

Country	1987[a]	1990[b]	2000[c]
Bangladesh	52.0	51.8	59.4
Bhutan	49.0	48.9	62.0
India	59.0	59.1	63.3
Maldives	-	62.5	66.5
Nepal	52.0	52.2	58.6
Pakistan	58.0	57.7	60.0
Sri Lanka	71.0	70.9	72.1
SA	58.0	58.4	62.9
EAP			69.5
DC			64.7

Source: [a]UNDP, 1990; [b]UNDP 1992; [c]UNDP 2002



South Asia has made important gains in the fight against poverty. Breaking wholly free of the poverty chains, however, remains by current trends a distant goal. This is a prospect neither necessary nor inevitable. While the statistics may look frightening, there is hope and optimism in a new ground reality being forged, a reality of initiatives by countless men and women across the countries of South Asia and their escalating refusal to remain content with the vagaries of a poverty-laden fate. Getting serious on a poverty-free South Asia requires, however, a hard-headed assessment as to how far South Asian countries have come on the poverty front and how far they have to go. It also requires a sharper engagement with issues of implementation and building on the rich tapestry of 'best practices' which cut across sectors and regions. Poverty is so pervasive in South Asia that a million priorities will not exhaust the agenda but to get the momentum going, the energies of South Asian nations have to be galvanized around a few catalytic agendas

Today's challenge for the countries of South Asia lies in finding the right balance, balance between growth and welfare objectives, balance between a pro-active role for the state while minimizing its involvement in actual implementation, balance between embracing the opportunities of the global market-place while resisting the inequities and asymmetries of the globalisation process. On the cusp of the new century, South Asia must combine both realism and ambition in re-setting the targets following from its strategic priorities.

There are issues which bring the countries of South Asia together and those which divide them. But on one issue, the interests of the peoples and the governments of South Asia stand clearly fused. This is the issue of poverty. Notwithstanding the despair of poverty statistics, a poverty-free South Asia is not an impossible dream. Such a dream has already found roots in millions of hearts in the villages and in the towns, in the fields and in the factories, in offices and in homes across the length and breadth of South Asia. The future has already been dreamt. Realizing it is our individual and collective responsibility.

SAARC

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