

HUMAN DEVELOPMENT IN SOUTH ASIA

Read this report with your heart, not only with your mind

The first Human Development Report for South Asia, produced by Dr. Mahbubul Huq and his team from the Human Development Centre, based in Pakistan, tells it like never before, that we have failed ourselves like no other region in the world. While others have built on their advantages and created new ones, we have continued to lose ours to the extent that, according to the report, "South Asia is fast emerging as the poorest, the most illiterate, the most malnourished, the least gender sensitive — indeed the most deprived — region in the world." All this while our rate of expenditure on arms continues to rise in the face of the global trend towards a fall. Having started roughly on a similar nominal per capita income, after three decades East Asia now enjoys 27 times our per capita income.

by Mahfuz Anam

that it reveals — for many of them we already knew — but the analysis that it forces us to face. It tells us in the most unambiguous of terms that our planning and resource allocation neglected the most vital resource which is our people, and goes further to prove through the examples of East Asia, that our salvation lies in doing so.

We strongly feel that the facts in this report must be as widely disseminated as possible. Every branch of the government, and every seat of learning should read and discuss this report. Therefore we suggest that the Finance Minister, who launched the Report, should instruct all parts of his ministry to read and discuss the report. He should also urge all his cabinet colleagues to do so,

and in turn, instruct their respective ministries and all the departments under them to read this report. All our Members of parliament and leaders of the civic society should read and discuss this report. Notwithstanding minor statistical errors here and there, the main thrust of the report remains unassailable correct deserving our immediate and total attention.

We reproduce the final chapter of the report below in the hope that all our readers will read it. In this section Dr. Huq suggests a 15-year Action Plan which can lay the foundation for our dignified entry into the 21st Century. He also suggests the source of financing of the Action Plan, most of it from our own resources. Overall, the first ever South Asian Human Development report can be used as a most effective weapon to change the fate of our people. The question is: will we?

Towards SAARC 2010

OVERVIEW

Where the mind is without fear and the head is held high; Where knowledge is free; Where the world has not been broken up into fragments by narrow domestic walls; Where words come out from the depth of truth; Where tireless striving stretches its arms towards perfection; Where the clear stream of reason has not lost its way into the desert sand of dead habit;

Into that heaven of freedom and goodwill Let my region awake.

— Rabindranath Tagore

To accelerate economic growth on the pattern of East Asia, South Asian countries need to invest a great deal in human development, particularly in basic and technical education. The challenge facing South Asia in the twenty-first century is formidable, since the backlog of human deprivation is simply colossal. However, if there is determined policy action, it should be possible to overcome some of the worst human deprivations in the next fifteen years.

In particular, it is feasible to provide universal primary education, basic health care to all, safe drinking water for the entire population, adequate nutrition for all malnourished children, and family planning services for at least 80 per cent of the married couples during the next fifteen years if South Asian countries re-examine their current priorities and reallocate their budgetary resources. Such a fifteen-year plan of action is discussed in this chapter.

Additional Cost of Human Investment

For the first time, detailed estimates have been prepared for the implementation of the five basic human development priorities indicated in the above paragraph. The prominent features of these estimates are listed below.

• There were 74 million children out of school in 1995, to which number another 52 million will be added as school-age population (5-9 years age group) during 1995-2010, thus bringing to 126 million the total number who need to be provided primary schooling in the next fifteen years in order to achieve universal primary education. The additional cost of this task amounts to \$37 billion or approximately \$2.5 billion a year.

• It has been estimated that 271 million people had no access to basic healthcare in 1995. To this backlog will be added the population increase of 419 million in the next fifteen years, bringing the total number of people requiring basic healthcare to 690 million. The additional cost for providing basic healthcare to the entire population by the year 2010 is estimated at \$31 billion, or roughly \$2 billion a year.

• About 350 million people did not have access to safe drinking water in 1995. Taking into account the additional population in the next fifteen years, around 770 million people should be provided access to safe drinking water during 1995-2010. Such a target will imply an additional investment of \$36 billion, or \$2.4 billion a year.

• There were 87 million malnourished children in South Asia in 1995. This malnourishment can be eliminated through a total investment of less than one billion dollars.

• In order to double the contraceptive prevalence between 1995 and 2010, family planning services need to be extended to

an additional 287 million married couples at a total cost of \$24 billion during 1995-2010, or about \$1.6 billion a year.

• The total cost for this five-priority package, therefore, comes to \$129 billion during 1995-2010, or \$8.6 billion a year.

• Assuming that South Asia's GDP grows by an average of 5 per cent a year, earmarking 1.6 per cent of the GDP will take care of this human priority package. While it is a significant cost, it does not appear to be unmanageable in the context of a rising GDP.

• Of course, the cost is different in different South Asian nations. For Sri Lanka, it will suffice to earmark only 0.6 per cent of its GDP to these five priority areas since the country already enjoys a fairly high level of human development. For Pakistan and Bangladesh, the corresponding GDP allocations are estimated at 2 per cent and 2.6 per cent respectively because of the considerable backlog of human deprivation. However, in no country does the package appear to be unreasonably expensive.

It should also be noted that this cost can go down further if civil society initiatives are encouraged for community development or if GDP growth rate is accelerated to more than 5 per cent a year during the 1995-2010 period.

A comprehensive human priority package can be financed by earmarking 1.6 per cent of South Asia's GDP

It is true that this proposal focuses on only a few basic areas of human development, whereas human progress also requires development in other areas, such as higher and technical education, clinical healthcare, employment creation programmes, etc. The rationale for such a narrow focus is to choose a few areas for priority attention in a manageable period of time through feasible resource allocation. Such a focus also corresponds to the 20:20 proposal endorsed by the social summit in March 1995.

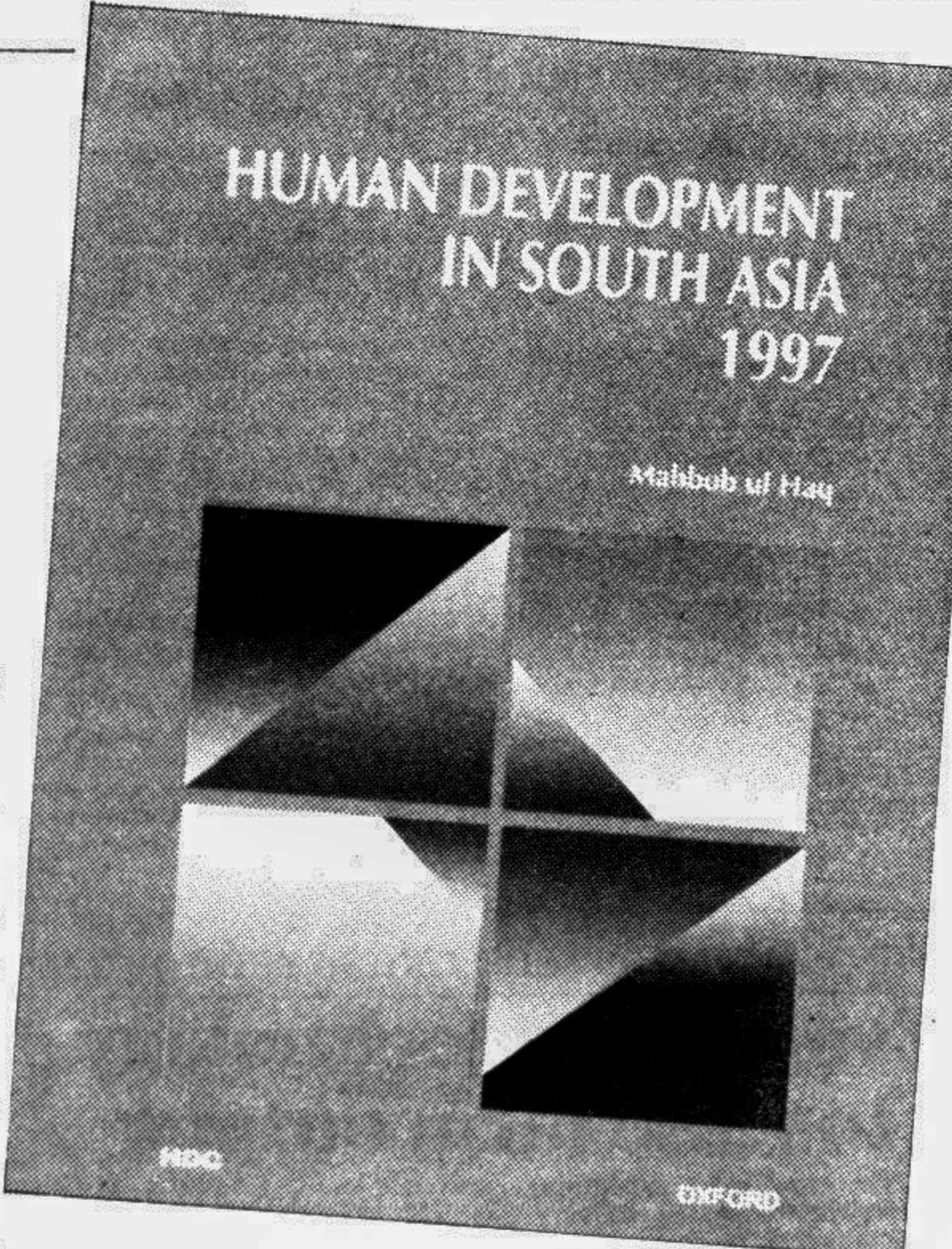
According to the 20:20 compact, developing countries should earmark 20 per cent of their budgets for these five priority areas to ensure universal primary education, basic health care for all, safe drinking water for all, elimination of child malnourishment, and provision of family planning services to all willing married couples.

At the same time, bilateral and multilateral donors should earmark 20 per cent of their assistance for similar priorities. It was estimated that such an effort would go a long way towards achieving the implementation of these five priority goals in most developing countries over the course of the next fifteen years.

Table 1 Analysis of public social spending (1988)

	India	Pakistan	Bangladesh	Sri Lanka
Human priority spending as a share of GNP (%)	2.5	0.8	1.2	2.5
Government spending as a share of GNP (%)	37	25	12	31
Human priority spending as a share of government expenditure (%)	6.8	3.2	10	8.1
Additional amount required to be spent on human priority areas, as % of government expenditure, in order to achieve the target of 20% of public spending	13.2	16.8	10	11.9
Additional amount required to be spent on human priority areas, as % of GNP, in order to achieve the target of 20% of public spending	4.9	4.2	1.2	3.7

Source: UNDP 1991a.



Overall, the developing countries are presently committing 10 per cent of their domestic budgets to these priority goals, while bilateral donors are earmarking 7 per cent and multilateral donors 10 per cent of their financial assistance. How do the South Asian countries fare on this scale?

Tables 1 and 2 summarize the position regarding actual spending on these five human priority areas in the South Asian countries. A note of caution must, however, be sounded. The data on public budgets date back to 1988, while data regarding external assistance are incomplete because of partial reporting by donors to the DAC data reporting system. The results should, therefore, be interpreted with some caution.

It appears that all South Asian countries were far below the 20 per cent target in respect of their public sector spending in 1988: spending on the five human priority areas was only 3.2 per cent in Pakistan, 6.8 per cent in India, 8.1 per cent in Sri Lanka, and 10 per cent in Bangladesh (table 1).

Some of these countries have greatly accelerated their social spending in recent years — particularly Pakistan through the Social Action Programme (see box 6.1) — but they still have a long way to go. The external donors have been earmarking only 9 per cent of their total assistance to the South Asian countries for these five priority areas (table 6.4). They need to at least double the proportion of funds they are committing for such human priority concerns. There is thus a concrete basis on which South Asian countries and their external donors can review their current performance and monitor it in future within the framework of the 20:20 compact.

While vigorous investment in these five human priority areas should move to the top of the policy agendas in the South Asian countries, it should be recognized that these basic social services are only a part — though a very essential one — of the total package needed for poverty elimination in these countries. Many other programmes are also needed to open up more market opportunities for the majority of the population. In particular, new credit institutions may need to be established to provide credit

to the poor who are normally bypassed by the formal banking system.

The experience of the Grameen Bank in Bangladesh shows that the poor are credit-worthy and they use small amounts of credit extremely productively. In addition, they repay all borrowed money very scrupulously, and that they do not need any subsidy, only access to credit for self-employment opportunities. Credit for the poor should also be included as a key element of the total package that SAARC nations design for the next fifteen years.

Financing Strategy

Is it possible to finance the additional cost of human investments discussed above? South Asian countries often argue that they are short of the necessary resources. This is totally wrong. What is lacking is political commitment, not financial resources. In fact, a compact to overcome the worst human deprivations over the next fifteen years can be designed and financed largely by reallocating existing resources in South Asian budgets.

As analysed in the last section, and as detailed in technical annex C, the additional amount required by South Asia to implement the 20:20 compact amounts to \$8.6 billion a year, or 1.6 per cent of their expected GDP during the 1995-2010 period. How can this be financed? Six elements of a feasible financing strategy are detailed below.

First, the South Asian countries can re-examine how far they can reduce their defence budgets to divert additional resources for social spending. According to various options mentioned in table 4.4, the peace dividend during the 1997-2010 period could be around \$80 billion if military spending is frozen at the 1996 level in real terms; \$100 billion of military spending is cut down by 2 per cent a year; and \$125 billion if it is reduced by 5 per cent a year during the next fifteen years. Thus, the potential peace dividend can range from at least \$5 billion to \$80 billion depending on how much political determination South Asian countries demonstrate, particularly how quickly a mutual detente is arranged between India and Pakistan. If the South Asian countries display the requisite statesmanship and vision, a substantial part of their social agendas can be financed by restraining their expanding defence expenditures.

Second, there is considerable scope for reducing the debt servicing liability on account of domestic debts in all SAARC nations. The real budgetary burden arises out of domestic debts, which are being serviced at very high rates of interest, rather than from external debts where the terms are much softer. For instance, India's domestic debt amounted to Rs 4,845 billion in 1994-95, or 53 per cent of its GDP. Its annual interest payments cost Rs 474 billion, or 5.2 per cent of GDP. On the other hand, total in-

terest payments on its external debt of nearly \$100 billion cost only 1.6 per cent of India's GDP. For Pakistan, its total domestic debt of Rs 860 billion in 1995-6 amounted to 42 per cent of its GDP. Its annual interest payments cost Rs 96 billion or 4.4 per cent of GDP. This contrasted with total interest payments of only 2.3 per cent on its external debt of \$30 billion.

The SAARC nations can consider bold debt-equity swaps in the context of their domestic debts, as have already been arranged by many Latin American countries. There are sizable public sector assets in all these countries (in the form of nationalized banks, insurance companies, telecommunications facilities, airlines, power stations, publicly-owned industries). In some countries (such as Pakistan), the market value of such assets exceeds total domestic debt. It is possible for these countries to unload these assets in international markets and use the proceeds to wipe off most of their domestic debts. The retirement of domestic debts can release 4 per cent to 5 per cent of GNP from interest payments, enabling these countries to reduce their overall budget deficits, while financing much larger social action programmes of its.

Third, there are many options available to all South Asian countries for better development priorities and for reduction of the large element of waste and corruption in government budgets. As analysed earlier, South Asian countries still spend too much on subsidized higher education and too little on basic education. They continue to commit substantial resources to clinical facilities rather than to preventive healthcare. The proportion of development budgets that disappears into commissions and kickbacks is variously estimated at 10 per cent to 30 per cent for different countries. There is no doubt that a much tighter management of development budgets is needed and that such improved management can release substantial resources for additional social spending.

Fourth, if South Asian countries display the necessary resolve to reduce their defence spending, to wipe off their domestic debts, and to restructure their development budgets, they

can count on considerable help from external donors as well. As table 2 shows, external donors are providing only 9 per cent of their total assistance to South Asia in support of human priority concerns. The donors can be persuaded to raise this ratio to at least 20 per cent, as was endorsed by the 1995 Social Summit. This would mean an additional \$700 million a year for social priority spending, through reallocation of existing aid. It is also quite possible that a bold and imaginative plan of action for SAARC 2010 will attract additional support from external donors.

Fifth, the above possibilities have focused largely on reallocation of existing resources because that is where the immediate pay-off may lie in terms of feasible policy action. But we should not forget that domestic saving rates are generally very low in many South Asian countries (except in India) and the coverage and elasticity of their taxation systems are still quite inadequate. Mobilization of additional savings and restructuring of existing taxation systems, particularly by extending the coverage of direct taxes to the affluent groups in society, are absolutely essential if higher levels of social spending are to be financed over a sustained period of time. At the same time, as discussed in the first section of this chapter, sustained economic growth is vital to provide the additional resources needed for human investment.

Sixth, the governments in South Asia can considerably increase the mileage they get out of social spending by collaborating with the NGOs in their countries. Many civil society initiatives are being organized in these countries, initiatives which often manage to provide social services at the grass-roots level in a very cost-effective manner — often at 25 per cent to 50 per cent of the cost of government-run services. Government-NGO collaboration can considerably reduce the financial bill for managing the 20:20 compact. The additional attraction is that such initiatives reach the poorest and most vulnerable groups in society, whose lives are often not touched by government programmes.

These six financing strate-

gies require considerable political courage and determination. But they are doable. They do not require extraordinary effort, only some reallocation of existing resources and some effort at additional mobilization of domestic savings. The question is: how can the SAARC nations prepare a concrete plan of action for the next fifteen years? This is a subject discussed below.

An Action Plan for SAARC 2010

The next century can become a period of great opportunity for South Asia. The slow pace of its economic growth and human development can be quickened and a major transformation in its development prospects engineered. The leaders of the SAARC nations should seize the moment in their forthcoming Summit and prepare the blueprint for a new South Asia with vision and zeal. Many steps are needed to carve out a new course, but the following minimum steps should be taken at this stage.

The next SAARC Summit should adopt a concrete fifteen-year plan of action for human development

First, the SAARC leaders should agree to banish the worst forms of human deprivations within the next fifteen years. They should particularly agree on the following six priority objectives:

- provision of primary education to all the children;
- provision of basic healthcare to all the people;
- provision of safe drinking water to the entire population;
- provision of adequate nutrition to all malnourished children;
- provision of family planning services to all willing married couples; and
- setting up of informal credit institutions for the poor.

Second, the SAARC leaders should direct their national planning commissions to immediately prepare specific targets in each area for the period 1997-2010, along with financing strategies. These targets

should be converted into annual plans of action, to be reflected in their annual budgets and to be monitored at the SAARC Summits each year.

Third, the SAARC leaders should accept a reduction in their defence spending by a mutually-agreed percentage each year — between 2 per cent to 5 per cent — and to earmark the resources thus released for social priority goals. They should also set up a regional mechanism for the settlement of outstanding mutual disputes.

Fourth, the SAARC leaders should direct their ministries of finance to prepare a blueprint for debt-equity swaps to wipe off their domestic debts through the privatization of public assets. They can invite world-renowned investment firms to come to South Asia and prepare their assets portfolios for sale in international markets, thus making the region an attractive emerging market for portfolio investment.

Fifth, the SAARC leaders should agree on a number of concrete measures to open up their markets to each other and to the rest of the world. Economic liberalization should be combined with adequate social safety nets, so that the transition has a human face. Sixth, the SAARC leaders should call on the international community to assist their efforts by providing much larger access to world-export markets, greater inflow of foreign private investment, and larger external assistance. The SAARC leaders should offer the world their own exciting plan for human development and poverty reduction which can then become the basis for a viable global compact.

Seventh, the SAARC leaders should invite the most prominent intellectuals of South Asia to form a Commission and to produce a report on a new vision and new sense of direction for South Asia in the twenty-first century. Such a Commission should be a non-government initiative. It should produce its report before the end of 1998 and present it to the SAARC Summit in 1999.

These steps can start a process of change in South Asia. They do require tremendous political courage. But nothing less than the future of over one billion people is at stake.

Table 2 Analysis of aid flows for social spending

	India	Pakistan	Bangladesh	Nepal	Sri Lanka	Bhutan	Maldives	South Asia
Human priority aid (as % of total bilateral aid) (1989-91)	5.2	9.7	13.5	10.7	9.3	9.4	3.0	9.1
Total ODA (US\$ millions) 1992	2,354	1,169	1,728	467	658	63	39	6,478
Human priority aid (absolute amount) (US\$ millions)	122	113	233	50	61	6	1	587
Assuming 20% of ODA into human priority (US\$ millions)	471	234	346	93	132	13	8	1,296
Difference between the current and the proposed level of human priority aid (US\$ millions)	349	121	113	43	71	7	7	709

Source: UNDP 1994.

The Daily Star Entertainment Guide

Monday 28th April
(All programmes are in local time. There may be changes in the programmes.)

BTV
3:00 Opening announcement
Al-Quran Programme summary
3:10 News in Bangla 3:15 Patriotic song 3:20 Recitation from the Bible 3:25 Cartoon Film: The Lone Ranger 3:50 Rerelease-cast of selected programmes
4:45 Educational programme
5:00 News in Bangla 5:25 Dolan Champa 5:50 Sports programme
6:30 Anu Parmanu
6:50 Open University 7:00 The News 7:25 Band show 8:00 News in Bangla 8:45 Package Drama 10:00 News in English
10:30 Janamat 10:50 Comedy series: Seemfield 11:30 News in Bangla 11:35 Tuesday's programme 11:40 Close down

BBC
8:00am BBC World News 6:30 Time Out: Jeremy Clarkson's Motorworld UK 7:00 BBC World News Inc. World Business Report/Asia Today/24 Hours
10:00 BBC World News 10:30 World Focus: Assignment 11:00 BBC Newsdesk 12:00 BBC Newsdesk 12:30 Hard Talk
1:00 BBC World News 1:30 World Focus: Assignment 2:00 BBC World News 2:30 Time Out: The Clothes Show 3:00 BBC World News 3:30 Hard Talk

CHANNEL V
6:00am Pepsi Chinese Top 20 7:00 Rewind VJ Sophia 8:00 Frame by Frame 11:00 The Vibe VJ Luke 12:00 Rewind VJ Sophia 1:00 By Demand VJ Liberty First Day First Show 3:00 Videocon Mangta Hai 4:00 Frame by Frame 4:30 Big Bang VJ Alessandra 6:00 Rewind VJ Sophia 7:00 By Demand VJ Liberty 8:00 The Vibe VJ Luke 9:00 BPL Oye! 10:00 Liberty First Day First Show 10:30 Launch Pad VJ Samira 11:30 Over The Edge VJ Sophia 12:30 Big Bang VJ

Alessandra 1:00 Haysah 2:00 Frame by Frame 3:00 Big Bang VJ Alessandra 4:30 Asian Top 20 VJ Trey

STAR PLUS
8:30am Ninaad 7:30 Good Morning India 8:30 Aerobics Gooz Shyl 10:00 Ann Williams Look And Cooks 10:30 Videofashion 11:00 Charles in Charge 11:30 The Oprah Winfrey Show 12:30 Dynasty 1:30 Santa Barbara 2:30 The Bold & The Beautiful 3:00 Reporter 3:30 Bunyiaad 4:00 Jeene Bhi Do Yaaro 4:30 Lost In Space 5:30 New Adventures of Black Beauty 6:00 Charles in Charge 6:30 Ann Williams Look And Cooks 7:00 Living on the Edge 7:30 Star News (Hindi) 8:00 Small Wonder 8:30 Tu Tu Main Main 9:00 Imthar 9:30 Star News 10:00 Yes Prime Minister 10:30 Chicago Hope 11:30 The Bold & The Beautiful 12:00am Santa Barbara 1:00 Star News 01:30 The X Files 2:30 Star Trek 3:30 Fantasy Island 4:30 The Oprah Winfrey Show 5:30 Barnaby Jones

ZEE TV
6:00 Jagran 6:30 ZED 7:00 ZED 7:30 Helpline 8:00 News 8:30 Ghoomta Aaina 9:00 Disney Hour 10:00 Gaane Anjaane 10:30 Nirma Hum Paanch 11:00 Daak Ghar Apna Ghar 11:30 Umeed 12:00

Suhana Safar 12:30 Dhara Zaika Ka Safar 1:00 Love Stories 1:30 Silsila 2:00 Hum Paanch 2:30 Tara 3:00 Raahat 3:30 Lakme Khoodsurat 4:00 Vakaalat 4:30 Khana Khazana 5:00 Hum Hogue Kamyab 5:30 Zimbo 6:00 It's My Show 6:30 Disney Hour 7:30 Raahat 8:00 Gaane Anjaane 8:30 TVS Sa Re Ga Ma Pa 9:00 Campus 10:00 Parivartan 10:30 News 11:00 Daraar 11:30 Choke Up Antakshri 12:00 Chutki Baja Ke 12:30 Yeh Kahan A Gaye Hum 1:00 Hasratn 1:30 Raahat 2:00 Shapath 2:30 TMM 4:00 Dastaan 4:30 Siyaram's Cine Magic 5:00 Surtaal 5:30 Suno Bhai Sadho

Hour 12:30 Monorama Cabin 1:00 Jannabumi 1:30 Trishna 12:00 TBA 2:30 Gaan Niy 3:00 Bahan (Serial) 3:30 Feluda 3:50:05 Nepali Programme 5:30 News 5:35 Dosh Bidesher Khela 6:00 Palli Katha 6:30 Tarunder Janney (Drama Serial) 6:55 Bhangra (Serial) 7:30 Bangla Sambad 7:55 Dinandan 8:00 Anya Bhutan 8:30 Feluda 9:00 Jannabumi 9:30 Monorama Cabin 10:00 Bengali Movie Club Film Show 1:00 Closed

SONY ET
8:30am Yaadon Ki Baaraat 9:00 The Three Stooges 9:30 Dennis The Menace 10:00 I Dream Of Jeannie 10:30 Bewitched 11:00 Taak Jhank 11:30 Gaane Jaane Gaane (Serial) 12:00 Ghaav 12:30 Premier 1:00 Aahat 1:30 The Young And The Restless (Eng. Serial) 2:30 Cine Maitree-Hindi Feature Film 5:30 The Three Stooges 6:00 Dennis The Menace 6:30 Yaadon Ki Baaraat 7:00 I Dream Of Jeannie 7:30 Bewitched 8:00 Surf-Wheel Of Fortune 8:30 Humse Barker Gaur 9:00 Jeevan Mirtyu (Serial) 9:30 Yeh Sadi Nahi Ho Sakti (Serial) 10:00 Chamakkar (Drama Serial) 10:30 Kashi 11:00 Premier 11:30 The Young And The Restless 12:30 BSA Star Ki Pasand 1:00 O'Mania (Serial) 1:30 Pahl Mulakat 2:00 Surf-Wheel Of Fortune

EL TV
12:30 HFF 2:00 Tehkikat 2:30 Parag No 1 3:00 Anurag 3:30 Y Must Must Show 4:00 HFF (BW) 7:00 Music Capsules 7:30 Stand By 7:40 Music Capsules 8:30 Hasen Pal 8:40 Fat Or Fr 9:00 Awaz Naye Andaz Wahe 9:30 V3+ 10:00 HFF 1:00 Hey Ha Ho 1:30 LT Chalo Cinema 2:00 Gujrat Band 3:00 Shatranj 3:30 Rubaru 4:00 Dard 4:30 ZED 5:00 HFF 7:50 Hasen Pal 8:00 L T Chalo Cinema

DD 7
10:30 Jannadim 10:35 Educ Prog 11:00 Najrulgeeli 11:15 Folk Songs 11:30 Parliament