

Stronger growth and more effective service delivery are key to accelerating progress toward the MDGs: the case of South Asia

With income per capita in the order of \$460, the eight countries* of South Asia are home to nearly 40 percent of the world's poor living on less than a dollar a day. Since 1990, the region has experienced rapid GDP growth, averaging close to 5.5 percent a year. This has helped to reduce the consumption poverty rate: India, the largest country in the region with a population of more than one billion has, for example, reduced the poverty rate by 7-10 percentage points since 1990. Most other countries in the region registered a similarly significant reduction in poverty over the period. Two notable exceptions are Pakistan, where poverty has stagnated at around one third of the population, and Afghanistan, which is emerging from decades of conflict.

In addition, improving the delivery of human development and related key services has been instrumental in boosting MDG-related outcomes and prospects. Three places in the South Asia region stand out as having good MDG indicators for their income levels. Sri Lanka and the Indian state of Kerala have an established pattern of good performance (more consistent with high-income countries) that reflect the priority successive post-independence governments (and even pre-independence governments) have given to investments in human development. Bangladesh has shown remarkable progress with many of the MDGs, despite its low income level and high incidence of poverty (second only to Afghanistan in the region), adverse initial conditions, high population density, contentious politics, and vulnerability to natural disasters. Bangladesh's success has owed much to an effective scaling up of basic services built in large part on a combination of effective partnerships between the public sector and NGOs and the resulting high degree of community involvement, local innovation and experimentation.

Although reducing poverty remains a huge challenge for South Asia, the poverty MDG is within reach with continued high economic growth raising incomes, widening economic opportunities and creating jobs for the poor. Sustaining rapid economic growth will require continued improvements throughout the region in the investment climate, basic infrastructure, and effective delivery of basic services within a framework of macroeconomic (especially fiscal) stability.

A number of other goals are also within the region's reach if access to services for poor people and effective delivery to them improve, as already demonstrated by the region's own success stories. Despite substantial public expenditures, some countries and states continue with services in health, education, and water and sanitation that fail for poor people. In many instances, this is due to the fragile accountability between users, providers, politicians and policymakers caused by ineffective public institutions, poor focus on outcomes and incentives, political clientelism and patronage, and the difficulty of monitoring and supervision. However, with democracy firmly rooted across the region, the devolution of political power to lower levels of governments is proceeding. While progress varies, decentralizing resources and responsibilities to local service providers and communities holds the prospect of improved service delivery. Against this backdrop, the universal primary education, gender equality, child mortality and major disease MDGs would appear within reach of most of the countries in the region, with only Pakistan, Afghanistan, and the poorer states in India remaining off track unless progress quickens substantially.

* Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, and Sri Lanka.