Pro-poor Growth and Governance in South Asia—Decentralisation and Participatory Development

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I. BEYOND CRITIQUE AND INADEQUACY OF THE MAINSTREAM DEVELOPMENT PARADIGM

The launch of the SAPNA study "Pro-poor Growth and Governance in South Asia: Decentralisation and Participatory Development", during the 21st Annual Conference of the Pakistan Society for Development Economics was most fortunate. The presence of Minister Daniyal Aziz in the Chair was not accidental. When the Prime Minister of Pakistan visited Sri Lanka recently, he was presented with a copy. He immediately saw in this Pro Poor Growth Strategy, the link between Pakistan's attempt at decentralisation reforms to deepen political democratic processes and the need for a more balanced growth path, which could also result in greater economic democracy. He suggested that Minister Aziz chair this session and evolve a more holistic conceptual framework to guide his own work in the National Reconstruction Bureau.

Pakistan, like all South Asian countries, had an unfinished Agenda since Independence. Sharp contradictions between rich and poor, new assertions by youth for decent work and by marginalised groups for more equitable distribution of the benefits of development were resulting in violence and posing a threat to human security.

The point of departure for SAPNA's latest study was the inadequacy of the mainstream global development paradigm even with adaptations and marginal reforms to suit the South Asian reality. It converged with the challenge in countries like Pakistan.

This truism was recognised in various critiques in South Asia since decolonisation was initiated after World War II. Presentations at previous sessions of this Conference itself reflect the unfinished thinking and action for the Governance, Democracy and Development Agenda in South Asian countries.

However, these critiques themselves were fragmented. As a result, the macro micro policies that were prescribed neither met the challenge of Governance,

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Sustainable Development and Poverty, nor the larger challenge of looking holistically at the links between these processes and the issues of Security and Human Rights re-defined for purposes of restructuring the UN System for better Global Governance.

Let me elaborate on the triviality of the discourse and actions, compared with the challenge, with a few illustrations in somewhat simple terms, without being simplistic.

The replacement of the celebrated Keynesian Consensus of the 1950s and 1960s by the narrow monetarist and neo-classical theories, based as they were on even narrower concepts of economics and technocratic approaches.

The false debates between neo-classicism, liberalisation and global competitiveness on the one hand and Marxism with central control of state functions, as if Capitalism and Socialism or modernism vs. tradition were discussed as mutually exclusive and the only option.

The new rhetoric of putting a "Human Face", with all its trappings and philosophical overtones, has resulted in an eclectic mix of strategies and policies, which has delayed re-thinking the underlying paradigm with decisions taken from the top of centralised state structure or private sector board rooms. In much of this conventional and mystified discourse, it is assumed the delivery of fragmented services to the poor or "trickle down" will solve the Development with Equity challenge in a sustainable manner.

The formalities of the MDGs and its action points and the new historical Social Charter for SAARC require fundamental re-conceptualisation.

II. SAPNA'S INTELLECTUAL QUEST OVER A QUARTER CENTURY

From the above point of departure, the SAPNA Network in the mid-1970s initiated a sustained process of unlearning and learning from macro micro lessons from the ground in South Asia constructively dissenting from conventional development paradigms and simultaneously initiating a process of collective creativity among South Asians to identify un-dogmatic critical elements which could be the basis of a holistic culturally rooted paradigm of development and democracy in South Asia.

The Research and Policy implications of the intellectual quest were incorporated in seven SAPNA studies—culminating in the last study, which is being presented today in Pakistan. This study was launched in the past year in Sri Lanka and India. The "entry point" for SAPNA search for this holistic paradigm, which was sustainable and participatory, was the poor themselves.

Each study was based on the conclusions of the previous study. This helped to deepen our understanding of the South Asian reality, the sharpening contradictions in the political economy of the countries and identify macro micro policy options for

the search for an alternative paradigm that would link political democracy with economic democracy nationally and still permit South Asian countries to move into global competitiveness through new terms of engagement.

The first study entitled *Towards a Theory of Rural Development*[1] provided an alternative approach to analysing rural mass poverty and also attempted to identify the necessary elements of a conceptual framework for a sustainable approach to rural development. It looked at attempts at major social transformations in China, Japan and the Indian sub-continent. A particular social movement in India—the "Bhoomi Sena" was studied in depth to see how the poor themselves saw their reality and empowered them to move out of the crises in their lives. From these insights an attempt has been made to systematise the beginning of "another" theory of rural development and for that matter of development itself in the South Asian context.

This study also pioneered the thinking on participatory action research (PAR) in South Asia in the 1970s i.e. of going directly to the field and learning through a deep critical dialogue with the poor communities.

The second study was entitled *The Challenge in South Asia: Development, Democracy and Regional Cooperation.*[2] The papers presented in this volume are the results of collective research into the crisis of development and associated crisis of the State in South Asia. It also looked at the cultural dimension and fundamental values which should inform the development and democratic formations.

This study ends with arguing the case for Regional Co-operation to promote common goals and resolve common problems within a framework of Unity in Diversity.

The third study[3] was an attempt to understand the relationship between gender and equity issues, in the context of women having to bear the double burden of being poor and women. From lessons on the ground, it became clear the poor women were playing a key role in new social movements.

The study made a critical re-examination of the role of sensitive donor agencies and foreign capital in ensuring sustainable poverty eradication. This analysis serves to highlight the growing realisation that the conventional aid relationship, donors and recipients, needs restructuring in order to effectively support the poor. Some guidelines for donor partnership has been provided on the basis of lessons from the best practices.

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[1]*Towards a Theory of Rural Development* by G.V.S. De Silva, Wahid-ul-Haque, Niranjan Mehtha, Anisur Rahman, Ponna Wignaraja. Dag Hammarskoljd Foundation, Sweden 1977 and republished by Progressive Publishers, Pakistan 1988.

[2]*The Challenge in South Asia: Development, Democracy and Regional Cooperation* by Ponna Wignaraja , Akmal Hussain (eds). Sage Publications, India 1989.

[3]*Women, Poverty and Resources* by Ponna Wignaraja. Sage Publications, India, 1990.

The fourth study[4] provides a harder critique of the dominant development paradigm and the crude globalisation process that has been set in motion in various South Asian countries.

Through the use of illustrative 'success cases', participatory action research and social praxis is presented as a means of initiating positive social change at the micro-level. At the same time participation of the poor as subjects permitted a complementary pro poor growth path at the base of South Asian economies. The underlying premise being that a pro poor strategy with social mobilisation and participatory development that goes with it can avoid many of the imbalances and contradictions created by past development strategies and help in filling the democratic deficit. The importance of identifying various stocks and flows of knowledge and the knowledge of the poor was introduced into the discourse.

The four previous studies had set the stage for a penetrating insight into the new social movements. The new social movements are differentiated from the old movements such as trade unions and political parties.

This fifth study[5] views the process of social change in its totality with development and democracy as integral parts. The papers introduce to the discourse greater depth to missing elements in conventional development paradigms: culture, values, democracy, participation and people's mobilisation. The study raises the question whether structural changes reflected in 'best practices' within limited political spaces can be multiplied in a comprehensive and systematic way, with political commitment and support from new partnerships between the state and the poor, with the private sector playing a social responsible role, with the participation of the poor and other vulnerable groups, under a variety of socio-political circumstances.

The conclusion was that the new social movements provided the material basis and greater coherence to the earlier generalisations and also showed how to scale up and multiply "success cases".

As the SAPNA action research programme continued an opportunity was provided for engaging the official SAARC process in a dialogue.

A further step was taken when the 1992 Independent South Asian Commission on Poverty Alleviation was established by the Heads of State of SAARC, to use these studies, among others, to engage a larger number of policy-makers in a dialogue on a relevant paradigm of development and democracy for South Asia.[6] This sixth study[7] seeks to articulate a coherent strategic pro-poor

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[4]*Participatory Development: Learning from South Asia* by Ponna Wignaraja, Akmal Hussain, Harsh Sethi, Ganeshan Wignaraja. Oxford University Press and United Nations University Press 1991.

[5]*New Social Movements in the South: Empowering the People* by Ponna Wignaraja (ed). ZED Books, U.K. and Sage Publications, India 1993.

[6]See *Annex-I.*

[7]*Readings on Pro-Poor Planning Through Social Mobilisation in South Asia: The Strategic Option for Poverty Eradication* (Vol. I) by Ponna Wignaraja and Susil Sirivardana *(*eds*)* Vikas Publications, India 1998.

planning options and strategies with social mobilisation for eradication of the worst forms of poverty in South Asia, with the poor as subjects and not objects in a given time frame, leaving only residual numbers of the poor to be carried by welfare and safety nets. This elaborated the messages in the SAARC Poverty Commission Report and permitted a book of readings for capacity building and training.

The study concludes on the note that unless an alternative approach is rigorously followed not only is democracy at risk, but South Asian countries as the contradictions sharpens will become even more unmanageable.

The seventh study[8] now being launched reconfirms through matured cases the efficiency of the poor, whose creativity can contribute directly to Pro Poor Growth, through an accumulation process where the pattern of growth, human development and equity are not trade offs. The strategic option is based on a different pattern of growth, which starts with the poor as subjects, not merely labourers or objects on re-distributive justice.

It elaborates the attempts at re-orienting decentralisation reforms, in relation to participatory development and democracy. What is called for is devolution not mere decentralisation and linking this political process with growth by the poor themselves.

This holistic approach and paradigm shift permitted cost effective eradicating the worst forms of poverty, which can be a catalyst for good governance and help mediate the antagonistic contradictions, through this strategic approach, in a given time frame.

The analysis and conclusions in this study completely moves beyond conventional thinking and action on development and democracy and can help close major gaps in the intellectual discourse, as well as, give greater coherence to micro macro policy and practice. This kind of interdisciplinary Macro Micro analysis does not currently exist.

This study is structured in three parts.

Part–I has a brief introduction and the conceptual framework. This part looks back and reflects critically on the inadequacy of conventional development thinking and actions and postulates the fundamentals on which a transitional pro poor development strategy should be built. These fundamentals have not been derived from *a priori* theorising, but on the basis of coherent lessons learned from the ground in South Asia.

Part–II consists of six Case Studies from selected locations in India (Kerala and Gujarat), Pakistan, Sri Lanka, Bangladesh and Nepal, which demonstrate different models but with commonalities and differences of the link between Pro Poor Growth, Decentralisation Reforms and Poverty Eradication, which can lead to good governance processes and practices. These cases cover both rural and urban

experiences. The lessons show an emerging strategic coherence, arising from the use of the core methodology of social mobilisation and praxis. The Case Studies show a movement towards the participatory paradigm and the establishment of innovative partnerships among political and development actors and potential for links between political and economic democracy.

Part–III draws some critical lessons from these illustrative cases for value driven macro micro policy, which can support and reinforce the processes and practices, both short term and longer term—which are being rooted on the ground.

III. THE UNDERLYING FUNDAMENTALS FOR A NEW SCHOOL OF THOUGHT WITH A NEW SOCIAL CONTRACT

(i) The Underlying Fundamentals

There are five interrelated fundamentals on which SAPNA's approach to Governance, Participatory Democracy, Sustainable Development have been constructed. SAPNA's approach, as has been mentioned, is not one of marginal tinkering and *ad hoc* reforms with palliatives. The fundamentals are:

(a) *The Long Revolution and Social Transformation*

The first premise that needs to be internalised is that a social transformation and structural changes are required. It had to go beyond the simplistic growth and redistribution and human face models. Structural change was more than mere financial and budgetary discipline and *ad hoc* redistributive justice. This social transformation has to be conceived as a long revolution implying a complex chain of long and short time frames—not a one-shot 'big bang' revolution. A second fundamental transformative issue was the issue of greater self-reliance while moving to global competitiveness. South Asia had too long depended on external inspiration and hegemonies. In retrospect these strategies ended up with 'soft' societies, where the majority of people including the poor and young persons became alienated. The welfare societies became unsustainable. The creativity, innovativeness and holistic problem-solving approach to life, which has always been a characteristic of South Asian Societies was ignored. De-alienation of people had to be an important dimension in the process of building self-reliance and human security.

(b) *Perspective and Values*

The structural changes at the macro and micro levels outlined in the studies have to start with a clear perspective and be value-led. This is fundamental for correct action. Before action is taken, the underlying values need to be made explicit. The perspective from which the search for the underlying paradigm begins

is that participatory democracy and development are two sides of the same holistic vision that has inspired human endeavour in different South Asian socio-cultural settings over the past 2,000 years and more of recorded history. Several fundamental values and rights, which existed in traditional South Asian societies, must be identified and re-examined in this connection. Some critical values relate to looking at life in its totality and all its richness, participation of the people in decisions that affected their lives; sharing and caring for the community, co-operative activities beyond individual self-interest; trust, innocence, simplicity, thrift; a work ethic with a fine-tuned balance between work and leisure; harmony with nature and an access to and rational use of both natural and financial resources; communal ownership of the commons; and complementarity between men and women, as well as, gender equity.

(c) *Countervailing Power: A Political Approach to the Transition*

Another fundamental in rethinking past paradigms of development and democracy relate to the question of participatory democracy. In this regard, devolution of power and empowerment of the poor and vulnerable groups, as opposed to representative democracy and highly centralised èlite power requires clarification. Conventional thinking on both development and democracy was based on a harmony model. This needs to be demystified. The assumption of harmonious communities in a conflict-free social framework for change has no basis in reality, whether at local, national levels in South Asia or at global levels. In South Asia deep-seated contradictions exist between different groups with conflicts of interests, which have to be recognised, particularly in the transition. Any meaningful approach to social change must be both political and transformative. It should not be a purely technocratic, fragmented or purely Cartesian or sectoral approach. The project approach with 'tool kits' is inadequate. A political process has to be initiated. The political space for a political approach exists already in some countries, while in others, it needs to be created. A great deal of social mobilisation is required. This involves re-moulding of èlites as well as mobilising, raising consciousness of the poor and helping them to build their own organisations. Where formal power is in the hands of a few and power is not shared, but grossly misused, participation in the first instance results in building countervailing forms of power, leading ultimately to a healthier participatory democracy as opposed to representative democracy in the "Westminster" model. Countervailing power does not preclude new partnerships with sensitive institutions, State or socially responsible private sector or other stakeholders like Government entities, Banks, NGO's of Donors.

(d) *Growth, Human Development, and Equity: No Trade-offs*

As the multifaceted crisis in South Asia deepened, the accumulation process set in motion either by means of private capital accumulation or of state capital

accumulation, a process that was basic to the old concept of economic development and its reformist option, turned out to be insufficient, and the pressures mounted for an alternative accumulation process. Growth was essential. But a new pattern of broad based growth was required. There has to be a recognition that the poor can also contribute to growth. It was also not a matter of growth by the private or public sector first and equity afterwards. Redistributive justice and 'trickle down' were simply not the issues. A fundamental difference in the SAPNA approach to poverty eradication and other approaches was that SAPNA did not consider the poor as the problem, but considered them as part of the solution. The second element in the difference is that SAPNA strategy for poverty eradication is based on a pro poor growth strategy and not on a redistributive strategy of welfare, safety nets and charity, which at best can only be residual. The pro poor growth strategy is based on the observable evidence of the efficiency of the poor and a three sector growth model, public, private and that generated by organisations of the poor as subjects in the process. A sustainable development strategy, for the present, needs to search for alternative driving forces for a self-sustaining accumulation process. The accumulation process on which, it was based required increased savings. The compulsion of seeking alternative-driving forces for accumulation, even in this narrower conception is therefore, mounting. This is not a matter of giving credit to the poor. It is a matter of embarking on a new pattern of growth with the poor where, even the poor save initially and invest. Growth, human development and equity are in the pattern of development, not trade-offs, but part of the same complementary process. This pattern of growth then provides the link between political democracy and economic democracy through pro poor growth, initially at the micro level.

It also seems necessary for South Asian countries to adopt a more complex development strategy that combines sustainable development, growth, equity and technological change with more creative use of local resources and knowledge. In such a strategy, the people's creativity, locally available resources and local knowledge systems, savings also become critical instruments. Imported capital and technology, the factors in short supply can be supplementary. In this transition all countries, however, will need to pursue internally a basically two-pronged strategy that will permit them to maintain the gains from past attempts at modernisation and industrialisation and trade with appropriate damage limitation and to make a direct attack on poverty in all its manifestations. In this attack on poverty, to repeat, the poor themselves are the subjects and not the objects of the process. The role of the private and public are complementary and can be supportive of the qualitatively different pattern of growth by the poor. Initially the two prongs of this overall strategy may have different time horizons and appear to have some contradictions, but over time they can be harmonised. South Asian regional co-operation can reinforce national efforts. This kind of regional co-operation will also permit South Asian countries to adjust to the global system on more favourable terms.

(e) *Refocusing Praxis and Managing the Knowledge System*

Another fundamental that requires further elaboration is the methodology of praxis and Management of the Knowledge System to bring about this transformation process. There is now greater recognition that in the new participatory democracy and sustainable accumulation and growth process for development with equity, articulated by SAPNA the knowledge system inherent in the culture must inform the whole process. The nature of knowledge and the method of the utilisation of the wider stocks of knowledge and choice of technology have to be probed further. This then could help bridge the gap between real knowledge and wisdom and catalyse the process of social change and development action in new terms, linking knowledge with power and action.

Some systematic efforts are now being made to break out of the conventional social science methodologies into participatory action research by groups of South Asian scholars and activists working together. Social praxis and participatory action research that goes with it, takes off from the cultural and historical experiences in South Asia. It critiques a predetermined universalism and stresses pluralism, including geo-cultural specificity. As has been stated in the past, social sciences have evolved through the study of Western societies. Hypotheses and value judgements have emerged from that historical cultural world and continue to influence a major part of the academic community and through it the educational, technical and administrative systems.

These five interrelated fundamentals simply stated are critical to achieving social justice, greater self-reliance and participation.

Acceptance of these underlying fundamentals also implies the need for a New Social Contract between the States and the South Asian poor.

In this brief presentation one comes back to how this study revisits the challenge that South Asia is faced with not only in achieving Development with Equity, but also achieving Security and Human Rights in broader terms for all. In the transition, it means linking the on-going processes of deepening political democracy with economic democracy.

MAIN MESSAGES IN THE REPORT OF THE 1992 INDEPENDENT SOUTH ASIAN COMMISSION ON POVERTY ALLEVIATION

It was not until 1991 that SAPNA's constructive dissent and lessons from the ground for innovative thinking and action on eradicating poverty in a sustained manner could be brought squarely into the mainstream Regional debate/dialogue on development. In 1991, the Heads of States of SAARC had themselves begun to sense the sharpening contradictions and polarisation between the rich and poor in South Asia and the link between poverty and violence. By then the multifaceted crisis was increasingly visible—demographic pressures, extensive erosion of the natural resource base, growing foreign debt burden and reverse flow of resources from South Asia to industrialised countries, large scale unemployment of educated youth and youth alienation, low growth, increasing lack of credibility of the state and ethnic and gender conflicts. By then these Heads of State also began to better understand the inadequacy and disarray in conventional development thinking and action.

This led to their establishment of an Independent South Asian Commission on Poverty Alleviation to sort out the confusion and provide practical solutions, which they could implement in a given time frame.[9] The inclusion of several SAPNA Network Members in the Commission and in its advisory group provided SAPNA with the ability to make a coherent intellectual contribution to reinforce the debate/dialogue and practice of decentralised participatory democracy and development in general and to macro micro policy options and institution building for sustainable eradication of the worst forms of poverty. The establishment of the Poverty Commission permitted the constructive dissent and the coherent ideas in an alternative paradigm that was emerging from SAPNA's work, even in a rudimentary fashion, to be mainstreamed.

The Independent South Asian Commission on Poverty Alleviation (ISACPA) was an innovative collaboration between SAARC Governments and an Independent South Asian Experts. The Experts were appointed by the SAARC Heads of State, but formed an inter-disciplinary team and carried out their in-depth independent inquiry over an eight-month period. Extensive consultations were also held with other experts, organisations of the poor and high-level policy-makers. SAARC Heads of State themselves gave their concerns and expressed their views candidly.

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[9]Report of the Independent South Asian Commission on Poverty Alleviation, "*Meeting the Challenge*", SAARC Secretariat, Kathmandu, November 1992. Members of the Commission were Krishna Prased Bhattarai (Chairman), Ponna Wignaraja (Vice Chairman), Shaikh Maqsood Ali, Fazle Hasan Abed, Sangay Ngedup, Jigmi Singay, K. R. Venugopal, S. R. Hashim, Abdul Sattar Moosa Didi, Hassan Sobir, Shreekrishna Upadhyay, Madhukar S. J. B. Rana, Safdar Hussain Kazmi, Sohaib Sultan Khan and Warnasena Rasaputram.

The terms of reference required the Commission to clearly diagnose what went wrong with past attempts at poverty alleviation, draw positive lessons from the ground, where the poor have been mobilised successfully to contribute to growth and human development and, finally, to identify the critical elements in a coherent but practical overall strategy of poverty alleviation in South Asia. These terms of reference also reflected an underlying realisation that without eradication of the worst forms of poverty, liberalisation and the one-billion-strong mass market in South Asia could not become effective.

The Report that emerged was a unanimous one. Achieving this unanimity by a diverse group of South Asians in relation to such a complex problem area is worthy of note as it reflected collective creativity. The collective analysis was not based not on *a priori* theorising or on borrowed ideologies as in mainstream development thinking. It was based on an understanding of the South Asian economic, social, cultural and political reality, as well as, on the hard lessons on the ground of nearly half a century of development experience. This was the first time that South Asian Heads of State had themselves sought independent advice from a group of South Asians and provided them with an opportunity to collectively look critically at the post independence South Asian development experience and the polity and draw the lessons.

The Report was not merely a report on poverty in a narrow sense. It conveyed some sharp political messages, an overall development perspective and practical recommendations to the SAARC Heads of State on a coherent transitional holistic development with equity framework, which could provide greater human security through a practical agenda for the eradication of the worst forms of poverty, in a given time frame. This transitional strategy was based on the factor in surplus in South Asia *i.e. the creativity and efficiency of the poor which could be an asset.* The strategy was not based on capital, the scarce factor, as in conventional development theory.

The Report took the form of three coherent messages and one composite strategic recommendation**.**[10]

Message No. 1

The number of people living in poverty in the region, in 1991, based on the conventional 'poverty line' estimates would be between 330 to 440 million. The reality is more likely to be in the higher range. The structural adjustment policies, which accompany the open-economy industrialisation strategy currently being adopted by most SAARC countries, are likely to put further strains on the poor, particularly in the shorter term. The conclusion was inescapable that the magnitude

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[10]The three messages are elaborated in great detail in Chapters 1, 2 and 3 of the Poverty Commission Report and the recommendation in Chapter 4.

and complexity of the problem of poverty in South Asian countries, not only puts democracy at risk, but also poses a threat to the very fabric of South Asian societies.

Message No. 2

The conventional development interventions with its faith in "trickle down" and administrative redistribution to the poor, over the past 50 years, are inadequate. These interventions also assumed a conflict free social framework for change. Technocratic solutions, policies and projects were designed to get to pre-determined objectives, which had little relation to the reality on the felt needs of the majority of people. Even in its own terms the resulting growth rate also was too low to have a significant impact on the levels of living of the large number of poor. In a few exceptional cases, where the low growth was redistributed to produce a high human development index, it could not be sustained.

The role of the State had to change from that of a highly centralised doer to that of an enabler and supporter of numerous partners.

Message No. 3

The eradication of poverty in South Asia would require a major political rather than a technocratic approach in which social mobilisation and empowerment of the poor play a critical role. In the past 10 to 15 years a sufficient body of new experience has matured at the micro level in the South Asian countries, which demonstrates that the poor are efficient. Where the poor participate as subjects and not as objects of the development process, it is possible for them also to generate additional growth. In this pattern of growth human development and greater equity, are not mutually exclusive trade-offs, but are complementary elements in the same process.

Recommendation

There should be a Pro Poor development approach, which is un-ambiguously reflected in a coherent plan for the poor. This should constitute the strategic thrust within the overall national development plan. The new premise for action is an overall pattern of development, which in a transitional time frame moves on two fronts:

(i) *A cautious open-economy industrialisation front with pro poor reforms; and*
(ii) *The pro poor poverty eradication front with rigorous social mobilisation and participation.*

These two parallel strategic thrusts, having long and short-term time frames, can be harmonised as the two processes evolve. The recommendation elaborated

how the Pro Poor Plan can generate pro poor growth, with a lower capital output ratio. Growth in the formal public and private sectors, will be complemented by that generated by organisations of the poor to reach a growth rate of approximately 9 percent, through the three sectors.

At the Seventh SAARC Summit in Dhaka, in April 1993, the Heads of State unanimously endorsed the Poverty Commission recommendations and reiterated their commitment with the **Dhaka Consensus** to continue to accord the highest priority to the eradication of the worst forms of poverty, within a ten-year period. This commitment was repeated in the SAARC Summits of 1995 and 1997. In other words, the SAARC Heads of State accepted ownership of the strategic thrust. It was also decided to have policy dialogues with the International Development Community in reinforcing the development co-operation partnership and ensuring vigorous implementation of the recommendations in the Report.

This Consensus of the Heads of State of SAARC constituted at that time a major coherent response to a critical element in the multifaceted crisis in South Asia and reflected the strong compulsions to bring poverty to the centre stage of national and international concern with innovative action. It also opened up new political space in South Asia for a political approach to poverty eradication through social mobilisation and participation of the poor in development.

What is also interesting is that the Heads of State, in their statements at the Dhaka Summit, underscored the critical link between the success of national and regional efforts aimed at poverty eradication and the external factors affecting growth and development. They urged all major actors in the world economic scene, particularly the industrialised countries and the multilateral and regional financial institutions and non-governmental organisations to create an enabling international atmosphere that is supportive of pro poor poverty eradication programmes in South Asia.