Chapter 12
Association between Governance and Human Development in South Asia: A Cross Country Analysis

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ABSTRACT

Good governance could play a catalytic role in creating an enabling working environment where the dream of sustainable human development can be fulfilled, whereas poor governance could erode individual capabilities to meet even the basic needs of sustenance for vulnerable sections of the population. Under this backdrop, this study attempts to explore empirically the association between the governance and human development in the context of South Asian countries. Broadly, a converging trend of both the indices of governance and human development across South Asian countries is noticeable with the passage of time. Moreover, substantial empirical evidences suggest that the state of governance and that of level of human development are positively correlated in the sense that countries having a better functioning of governance system are also the countries with relatively high levels of human development.

INTRODUCTION

The Millennium Development Goals (MDGs) set by the United Nations is intended to design a framework of ‘development with dignity’ for all human beings in an effort ‘to expand the benefits of human progress for all’ (UNDP, 2012). A set of time bound targets on achieving key elements of human development is said to be achieved by 2015. Even though the MDGs do not entails an element of governance, but he Millennium Declaration in 2000 restated the crucial linkages between good governance, development
and human rights. It has been widely accepted that governance can ‘play a stronger role in the post-2015 development agenda’ (UNDP, 2014). In fact, good governance can create an enabling environment in which all the development criteria can be achieved. However, a wide variation exists in the achievement of human wellbeing of the population across countries of the world in the human development indicators of life expectancy, years of schooling and income. The latest human development report based on 187 countries reveals the lowest regional Human Development Index (HDI) values are for Sub-Saharan Africa (0.502) and South Asia (0.588), and the highest is for Latin America and the Caribbean (0.740), followed closely by Europe and Central Asia (0.738) (UNDP, 2014). Worldwide the female HDI value averages about 8 percent lower than the male HDI value. Among regions, the largest gap is in South Asia (17 percent) (World Bank, 2012). Even though all the countries more or less registered improvement overtime, but growth rate of HDI values reveals a signs of a slowdown in the progress. But lower human development groups continue to converge with the higher levels. Despite a trend of convergence in human development in South Asian countries, average HDI for South Asian countries is observed to be significantly lower than the average for developing countries. Cross-country evidence of South Asian countries suggest that only one country (Sri Lanka) included in the group of high human development, four countries (Maldives, India, Bhutan and Bangladesh) in the medium human development, and the rest four countries (Nepal, Pakistan, Myanmar, and Afghanistan) in the low human development (UNDP, 2014). Sri Lanka and Maldives stand out from the rest of the regional group, recording HDI levels higher than the developing country average. This is primarily due to the higher level of social sector expenditure to improve human development of the general population in these two countries, even though both these countries have lower absolute GDP levels than the rest of the South Asian Countries (MUHHDC, 2008). Here the role of governance arises.

Tracing back to its origin, democracy has a well rooted connections in South Asia as India and Sri Lanka is considered as an oldest democracy in the world. Countries like Bhutan and Nepal have replaced monarchy and in the process of transition to democracy. However, the process of decentralization and its outcomes through empowerment of people, economic freedom and participatory development have not been succeeded in empowering people politically and thereby it still remains a dream for many South Asians (MUHHDC1, 2007). Unlike political governance, South Asian countries have made an impressive progress on economic and civic governance. However, a significant cross country variation exists in the achievement of governance indicators. An overall measure of human governance of four South Asian countries in 2010 suggests that India excel in the performance of humane governance and is followed by Bangladesh, Sri Lanka and Pakistan (apcit, 2012). Does the trend in governance indicators is reflected in the performance of human development of a country? Under this backdrop, an attempt has been made in the study to explore the cross-country evidence of the trend of human development and governance in South Asia countries. In addition, the association between governance and human development is a special interest in this chapter. Specifically, this study intends to address the following research questions: What is the trend of human development and governance indicators in South Asia? Do the indicators exhibit a converging or diverging trend? How the state of governance explains the variations in the level of human development across South Asian Countries?