



# Thematic Area 1: Poverty Alleviation: *Inclusive and sustainable economic growth*

## Rationale

More than 300 million of the world's poor live in South Asia. Despite the rapid economic growth in South Asia in the recent years, it has not been equitable across the region, and it has been cautioned that it may not be sustained. Reports from agencies like the World Bank and the Asian Development Bank all point to the growing and deepening disparity both within and between the 8 SAARC Member States with high rates of poverty, malnutrition and mortality. They also report that the growth in the region has largely been sustained by an over and unsustainable dependence on natural resources. This dependence is especially fatal for South Asia as the devastating consequences of climate change, changes in rainfall patterns, and frequently changing extreme weather patterns are expected to be more severe for the region.

South Asia has the potential to sustain its rapid economic growth, however, it needs to invest considerably in improving the employment prospects for its young demographic (48% of its population is below the age of 24) and its marginalized communities, including women.

The SAARC Development Fund will support the 8 SAARC Member States to promote sustained and equitable economic growth through enhanced agriculture productivity and access to opportunities for decent employment and income generation.

## **OUTCOME STATEMENT: Promote inclusive economic growth focusing on improved sustainability and increased resilience of vulnerable individuals and groups**

### Food Security

Achieving food security in the region remains on the most daunting development challenges for the SAARC region. The majority of the world's poor and food insecure people live in South Asia. The region itself is not homogenous and are characterized by diverse and distinct agro-ecological zones. The region is also prone to natural disasters and are not immune to the effects of climate change, and the devastating impact it can have on natural environment- critical for ensuring a sustainable supply of food. Agriculture is the dominant sector in all the SAARC member states and is characterized by the presence of small and marginal farmers, and landless farmers, climate change, low level agricultural growth, and rising food prices.



SDF aims to contribute to addressing food insecurity in the SAARC region by supporting projects that have the potential to enhance capacity of small scale and marginalized farmers, supporting interventions to improve crop yield, supply chain

promoting technologies, and formation of and enhancing the capacity of farmers' groups/cooperatives. Projects that contribute to strengthening community resilience to enable communities to withstand shocks from climate change risks and natural disasters will also be supported.

### Potential Areas for Collaboration

- Regional efforts to develop sustainable and climate resilient agricultural intensification
- Access to innovative and appropriate agriculture technologies for the most marginalized
- Promotion of youth participation in agriculture
- Strengthening community resilience; early warning systems
- Integrated rural development programmes



### Potential Areas for Collaboration

- Strengthening the enabling environment for women, youth and other marginalization populations' economic empowerment
- Enhancing the employability of women and youth through entrepreneurship development and access to essential services

## Decent Employment and Income Generation

The creation of employment and the promotion of sustainable economic growth are inalienable development goals for all the 8 SAARC Member States. 48% of the South Asian population is below the age of 24, making it the largest share of the world's youth population.

Despite progress made in achieving gender parity in education, the SAARC region lags in the economic empowerment of women. Majority of the South Asian women still work in the informal sector. According to UNESCAP, only 8-9% of the formal small and medium sized enterprises in South Asia are owned by women. SDF firmly believes that investments in promoting the entrepreneurship of women, youth and other marginalized groups are critical in achieving inclusive and sustainable growth in the SAARC region, and promote their participation in the labor market and economic empowerment.

SDF will support projects that create opportunities for decent and inclusive employment. Projects that provide support to micro-enterprises, especially those owned by women and the youth, will be supported provided they lead to improved livelihood and employment opportunities for women and other vulnerable groups across the SAARC region. Access to financial services and products for women and the most vulnerable will also be promoted.