

United Nations Development Programme



# BEYOND THE MIDPOINT

ACHIEVING THE MILLENNIUM DEVELOPMENT GOALS



**Beyond the Midpoint: Achieving  
the Millennium Development Goals**

January 2010

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# FOREWORD



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In 2000, I was one of the heads of government who travelled to the United Nations General Assembly in New York and signed the Millennium Declaration. That document enshrined the Millennium Development Goals as the international community's collective commitment to create a better tomorrow for billions of people, prioritizing efforts to reduce poverty and hunger; empower women; increase access to essential services like education, healthcare, clean water, and sanitation; and forge strong global partnerships for development.

It is in all our interests that these goals are met. We cannot achieve a more equitable and sustainable

world when one billion people are hungry, or when their lives are endangered by easily preventable health risks; when a lack of education limits the poor's potential, or stifles innovation; when women are not able to participate as equal members in society; and when our natural resources become depleted and degraded.

There are encouraging signs that our world is moving in the right direction towards a number of the MDGs. Eighty eight per cent of children in the developing world as a whole were enrolled in primary school in 2007, up from 83 per cent in 2000.

The deaths of children under five have declined steadily worldwide too.

Such global achievements, however, can obscure the lack of traction for significant populations – both within countries and across regions. Based on current trends, many countries will not meet a number of the targets.

In addition, developing countries overall still face high levels of maternal mortality. These have declined by only 6 per cent since 1990, compared with the goal of a 75 per cent reduction by 2015.

Recent challenges, including the economic crisis, food and fuel price volatility, the ongoing climate challenge, and now even a flu pandemic, taken together threaten to halt or even reverse the advances which have been made.

With an eye towards the General Assembly's high-level review of advances towards the MDGs in September next year, UNDP has prepared this forward-looking report, "Beyond the Midpoint : Achieving the Millennium Development Goals", to assess what it will take to accelerate progress towards the goals around the world.

Thirty country-level assessments and extensive consultations with stakeholders were undertaken to discern the factors which influence MDG progress in a country, and to understand what has worked, what has not, and why. The report found that there are generally four key areas which shape MDG achievement at the country level: policy choices and their coherence; governance and capacity deficits; fiscal constraints; and political will.

As each country context is unique, the report does not present universal solutions. It suggests that,

tailored to the specific countries, growth could be made more inclusive, by for example, policies which nurture the sectors on which the poor depend for their livelihood, especially agriculture and rural development, as well as through efforts to generate decent employment, especially for youth and the rural poor.

By showing that hard-fought human development gains are vulnerable to reversals from threats such as economic downturns, commodity price volatility, conflict and natural disasters, the report also underscores that, for development results to be truly sustainable, it is important to reduce vulnerability to shocks. This means that we cannot be content with pursuing only quick wins, but must also take on the less visible, but no less important, work of growing and strengthening the national and local capacities which will make nations, societies, and communities more resilient over the longer term.

This is no time for business-as-usual approaches to development. All actors - governments, UN agencies, civil society, and the private sector - must redouble efforts to achieve the MDGs by 2015. It is UNDP's hope that this report will contribute to making that happen.



A handwritten signature in cursive script that reads "Helen Clark".

Helen Clark  
Administrator, UNDP

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# ACRONYMS AND ABBREVIATIONS

ADP - Annual Development Plan	IAASTD - International Assessment of Agriculture Knowledge, Science and Technology for Development	PATH - Programme for Advancement Through Health and Education
AfDB - African Development Bank	ICDS - Integrated Child Development Services	PFM - People's Forum on the MDGs
ASE - <i>Accao Social Escolar</i>	IDPs - Internally Displaced Persons	PFM - Public Financial Management
ASER - Annual Status of Education Report	IFPRI - International Food Policy Research Institute	PFZ - <i>Project Fome Zero</i> (Zero Hunger)
BRAC - Bangladesh Rural Advancement Committee	ILO - International Labour Organization	PIU - Parallel Implementation Unit
BRIDGE - Building and Reinventing Decentralized Governance	IMF - International Monetary Fund	PPP - Purchasing Power Parity
CCs - Commune Councils	LDCs - Least Developed Countries	PROTECT MDGs - Promoting Procurement, Transparency and Efficiency to Achieve the MDGs
CCT - Conditional Cash Transfer	LIFDC - Low Income Food Deficit Countries	PRS - Poverty Reduction Strategy
CIS - Commonwealth of Independent States	MDGs - Millennium Development Goals	PRSP - Poverty Reduction Strategy Paper
CONGOMA - Council for Non-Governmental Organizations in Malawi	MDGR - Millennium Development Goals Report	R&D - Research and Development
CONPES - <i>Consejo Nacional de Política Económica y Social</i>	MGDS - Malawi Growth and Development Strategy	RTI - Right to Information
CPIA - Country Policy and Institutional Assessment	M&E - Monitoring and Evaluation	SME - Small and Medium Enterprises
CSC - Community Score Cards	N/A - Not Available	TINP - Tamil Nadu Integrated Nutrition Programme
DAC - Development Assistance Committee	NCERT - National Council of Education Research and Training	UNCTAD - United Nations Conference on Trade and Development
EPWP - Expanded Public Works Programme	NDPC - National Development Planning Commission	UNDG - United Nations Development Group
EU - European Union	NDS - National Development Strategy	UNDP - United Nations Development Programme
FAO - Food and Agriculture Organization	NER - Net Enrolment Rate	UNHCR - United Nations High Commissioner for Refugees
FAP - Financial Assistance Policy	NGO - Non-Governmental Organization	UNICEF - United Nations Children's Fund
G8 - Group of 8 industrialized countries	NREGA - National Rural Employment Guarantee Programme	UXO - Unexploded Ordinance
G20 - Group of 20 Finance Ministers and Central Bank Governors	ODA - Official Development Assistance	WDI - World Development Indicators
GDP - Gross Domestic Product	OECD - Organization for Economic Cooperation and Development	WDR - World Development Report
GPRS - Growth and Poverty Reduction Strategy	ONDH - <i>Observatoire National de Développement Humain</i>	WFP - World Food Programme
HIPC - Heavily Indebted Poor Countries		WFS - World Food Summit
		WHO - World Health Organization
		WTO - World Trade Organization

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# EXECUTIVE SUMMARY



*This forward-looking MDG review assesses where emphasis should be placed over the next several years to support partners to meet the agreed Millennium Development Goals.*



*The enormous diversity among countries with respect to MDG performance reflects the unique conditions, opportunities and constraints of each country.*

We are now beyond the mid-point between adoption of the Millennium Development Goals (MDGs) and the target date of 2015. Despite progress towards achievement of some of the targets, numerous Goals and targets are likely to be missed unless additional, strengthened or corrective action is taken urgently.

In light of a rapidly changing development environment and given a limited time frame for achieving the MDG agenda, UNDP initiated a forward-looking MDG review to assess where emphasis should be placed over the next several years to support partners to meet the agreed Millennium Development Goals. The principal objectives of this review were to assess the factors that shape MDG progress in a country, identify the bottlenecks and constraints that have slowed progress, and assess how UNDP can best support its development partners in their efforts to make the achievement of the MDGs a reality.

Building on the findings of 30 country MDG assessments, the Report also highlights key interventions — including policies, programmes and democratic governance practices — that have improved the capabilities, living conditions and well-being of the poor. And it identifies critical areas where capacity strengthening and policy coherence is required for progress towards the MDGs to be accelerated.

Chapter one considers the processes by which the MDGs — a global development agenda that has now become part of the policy discourse in many developing countries — inform both national poverty reduction strategies and national development frameworks. Civil society organizations have played a key role in this regard, demonstrating that achievement of the MDGs is fundamentally related to the

achievement of greater political space and voice for those affected by poverty and exclusion. By linking the relevant goals with the national and local substantive agenda, and by enabling deeper dialogue and a participatory process for citizens' involvement and engagement, civil society organizations have played a key role in making the MDGs relevant to the country context. Importantly, national ownership of the MDG agenda will be needed to ensure that progress is made and that development results are sustainable.

Notwithstanding these national processes, evidence on MDG achievements indicates an enormous variation among countries. Progress is highly uneven across countries even within a region for the different Goals. Some countries appear to have made steady gains towards a number of MDG targets — such as income poverty, primary education and gender parity in education — whereas others have actually reversed course on some targets, even while making progress on others. And most countries appear to have made insufficient progress towards achieving key sanitation and maternal mortality targets.

It is widely agreed that despite significant advances, at current trends, most developing countries are projected not to meet many MDG targets. On this point, the UN, the World Bank and NGOs are in relative agreement.

Recent global developments such as the economic and financial crisis and the soaring prices of food and oil also threaten to erode previous gains, reminding us in stark terms that in an increasingly interdependent world no country is immune from external shocks, and that sustaining MDG achievements will require countries to adopt risk-coping and risk-management strategies to prevent setbacks

or at least mitigate any negative effects.

Chapter two takes as its point of departure the view that the current economic crisis and volatility of global markets have exacerbated existing development challenges and exposed the underlying vulnerabilities of many developing countries. These vulnerabilities, together with a country's own domestic conditions, are more fundamental to determining MDG outcomes than only external shocks. How a country articulates its development priorities, how it reflects these priorities in policies and programmes, and how it leverages its opportunities in the global system are fundamental in charting and shaping MDG progress at the national level.

At the macro level, evidence indicates that there is much to be gained in terms of poverty reduction outcomes by pursuing broad-based, inclusive growth policies. Countries with low or falling levels of inequality experienced higher rates of economic growth and poverty reduction on average compared to countries with high or increasing levels of inequality — indicating that broadly spread growth, where the poor are included in the benefits and opportunities provided by the growth process, is a key factor in achieving accelerated development outcomes. This is most meaningfully done when growth raises the incomes of the poor — by absorbing them into employment opportunities and raising their real income. Countries most disadvantaged in the growth, inequality and poverty nexus appeared to be the LDCs reliant on agriculture.

In the absence of broad-based growth, it is not anomalous to see that growth can bypass the poor altogether. Chronic poverty and persistent exclusion can co-exist with high growth. And poverty can remain more pronounced in some regions and among certain vulnerable and excluded groups. Addressing poverty would require policies and programmes that are targeted towards disadvantaged groups and regions. The Report highlights the different kinds of programmes and policies that countries have adopted to overcome inequities, address exclusion and promote more broad-based, shared growth.

The Report argues that a focus on broad-based growth is important not just from the perspective of achieving the goal of income poverty reduction. Higher growth often results in increased government revenues, which can enable greater spending on

public services that are critical for MDG progress, including education, healthcare and public infrastructure for potable water and sanitation. While increased spending may not automatically translate into improved performance on MDG indicators, public resources can be used to accelerate MDG achievement if spent on effective and targeted programmes.

The design of sector policies and the selection of appropriate programmes are also critical for shaping MDG progress. For instance, despite food security being a key development objective of many countries, the agricultural sector has been ignored for decades and, not surprisingly, hunger prevalence remains a challenge in many countries and across regions. The Report makes the point that programme selection, its congruence and coherence with sector policy objectives, play a significant role in shaping MDG progress. A layered programme response is needed to adequately address MDG gaps.

Finally, chapter two emphasizes the point that in an increasingly interdependent world, domestic policy space is itself subject to global forces and rules governing international trade and finance. For this reason, policy coherence, especially with respect to trade and finance, is also required at the global level to support MDG outcomes at the national level.

Chapter three underscores the critical role of democratic governance for the achievement of MDG outcomes. By emphasizing the *means* by which development goals are translated into outcomes, democratic governance addresses the “how” — the processes, institutions and systems that will yield collectively acceptable results. The values and principles of democratic governance allow people, in particular the poor and marginalized, to have a say in how they are governed, in how decisions are made and implemented, in how diverging opinions are mediated and conflicting interests reconciled in accordance with the rule of law. As such, democratic governance is seen as essential for creating an enabling environment for MDG progress and for imbuing national and local institutions with systems, processes and values that respect people's human rights and fundamental freedoms; an environment where the poor can hold their leaders to account and are protected from arbitrary action in their lives by government, private institutions and other forces; and where governing institutions are responsive and accountable.

As indicated by the country assessments, governance deficits are a critical factor in shaping MDG progress largely because many of the services needed for MDG achievements are publicly provisioned — such as education, healthcare, water access and sanitation. Governance deficits are also closely linked to weaknesses in policy and programme implementation. Moreover, in many countries, capacity constraints in governance further weaken implementation capacities of critical institutions. Accelerated progress towards MDG achievements will hence require bolstering the governance and implementation capacities in countries.

The focus of chapter four is on the special circumstances facing crisis and post-conflict countries as they attempt to make progress towards the MDGs. It is argued that most of the problems faced by post-conflict countries appear similar to those of many poor countries that have avoided conflict. However, war related destruction and distortions make the development challenges more onerous for post-conflict countries. Yet, the idea of seeking to reach

the MDG targets can be a powerful mobilization vehicle for post-conflict recovery, in so far as the process of their achievement does no harm in terms of conflict risk. Three specific measures can be critical in accelerating progress towards the MDGs in post-conflict settings: reducing horizontal inequalities, ensuring conflict sensitivity in MDG programming and adopting a disaggregated approach for MDG assessments.

Chapter five makes the case that from the very outset, the issue of securing finance for MDG investments remains a top priority for the international development community. Accelerated progress towards MDG achievements will require a substantial scaling up of public expenditures in most developing countries from current levels. In the early years, much effort was expended on mobilizing additional ODA in support of the MDGs especially for aid-dependant countries. Increasingly, however, the focus has been expanding to include other dimensions of fiscal space in an effort to mobilize additional resources for MDG programming.



UN Photo/Tim McKulka

*The evidence is clear. Without effective and accountable institutions, systems, processes and political will, economic gains are not automatically translated into development outcomes or registered as MDG achievements.*

The country assessments point as well to the importance of expanding fiscal space, focusing on mechanisms to enhance domestic revenue mobilization. Importantly, for aid-dependant countries, practices governing aid effectiveness are also highly important for shaping MDG outcomes. Securing finance for scaling up public investments though can be no guarantee that MDG outcomes will be secured; this also requires prioritizing and allocating resources in ways that will be most conducive for securing MDG outcomes.

To sum up, the enormous diversity among countries with respect to MDG performance reflects the unique conditions, opportunities and constraints of each country. Country by country, progress towards MDG achievements has been shaped by three key factors:

- Policy choices and programme coherence that govern how a country participates in the global economy and whether domestic policies contribute to broad-based, inclusive growth both at the macroeconomic and sector level;
- Governance and capacity deficits that undermine the creation of an enabling environment needed for securing MDG progress;
- Fiscal constraints, both domestic and ODA, and development assistance practices that limit the capacity to scale up public investments necessary for MDG outcomes.

All these factors are essential for shaping MDG outcomes. Policies without effective institutions to implement them are meaningless. Policies and institutions without resources are ineffective. Even as these factors are critical for shaping MDG outcomes in individual countries, they are by themselves

insufficient if there is no political will or national ownership of the MDG agenda. Indeed, time and again, it has been noted that if there is one overriding lesson for the achievement of development results – and for the sustainability of such – it is the importance of national ownership.

Accelerated progress towards MDG achievements will thus need to be tailored to reflect a country's specific constraints, opportunities and conditions. No single blueprint will do.

Evidence from 30 MDG country assessments indicates clearly that when there is political will and wide-ranging engagement with the national MDG agenda, when policy choices cohere with the objectives of achieving poverty reduction and development outcomes, when national processes and institutions are imbued with the practices of democratic governance and are backed by adequate functional capacities and resources, development progress and MDG outcomes are very possible to achieve.

Based on the evidence presented in this Report, UNDP assistance could be more strategic and focused. Tactically, the focus should be on assisting countries to unlock the constraints and bottlenecks that prevent them from accelerating progress towards MDG achievements. Moving forward, it is recommended that in order to best support accelerated MDG achievements at the national level, UNDP should:

■ **Catalyze Partnerships for Synchronized National Action**

In light of the fact that the MDGs are now part of the national planning frameworks in many developing countries, UNDP support must stand firmly behind and in support of national processes and ownership

of the MDG agenda. MDG achievements will require working with politicians, civil society partners, civil servants, other UN agencies and development partners, among others. Through the appropriate brokering of ideas and partnerships at the national level, UNDP can play a catalytic role in supporting MDG achievements. As described in the Secretary-General's Road Map for the Implementation of the MDGs, a powerful but lesser known purpose of the MDGs was to mobilize "people power" in the fight against poverty and inequality. And as we take stock of how much the MDGs have contributed to reducing poverty, illiteracy and disease, it is important to recognize that the ability to galvanize millions of people across the world to call their governments to account on their MDG promises will be a critical deciding factor for sustaining MDG achievements.

#### ■ **Employ Democratic Governance Practices to Improve Implementation Deficits**

The evidence is clear. Without effective and accountable institutions, systems, processes and political will, economic gains are not automatically translated into development outcomes or registered as MDG achievements. Democratic governance deficits — including absence of rule of law, legal empowerment frameworks for the poor, political stability and accountability as well as pervasive corruption — undermine both national institutions and national implementation capacities. In post-conflict and transition countries, these deficits are more acute. Governance deficits have been linked to poor service delivery due to a lack of coordination and design flaws; a lack of flexibility in the implementation and design of programmes; an inconsistent approach to the design of delivery mechanisms; and weak monitoring and insufficient outcome evaluations, which, if done correctly, can contribute to more effective service delivery. Governance is thus the link that translates the Goals into development outcomes. Supporting and strengthening democratic governance practices and building accountable and responsive institutions will be key for sustaining MDG achievements.

Building on its considerable experience and extensive support for strengthening democratic governance processes and capacities at the country

level, UNDP can play a critical role in identifying and responding to governance deficits of national programmes that are most closely linked to the MDGs. In this context, the sharing of knowledge and experience, instruments and lessons of what has worked in the past, can be important for fostering and promoting democratic governance in support of MDG achievements.

#### ■ **Bolster Policy Options, Policy Coherence and Programme Congruence for MDG Breakthroughs**

A large body of evidence accounting for MDG achievements points to the importance of domestic policy choices in promoting accelerated progress towards MDG targets. Broad-based and inclusive growth policies, as well as programmes and policies to redress growing inequalities will be critical not only for making MDG progress but also for sustaining it.

This Report has pointed to the importance of growth in the agricultural sector as essential for promoting poverty reduction. Agricultural growth depends on investments in rural infrastructure, markets, finance and in research and extension. However investments in these areas have been slow globally. Discriminatory trade policies and declining ODA to this sector have not helped, and new challenges have emerged, including depleted natural resources. Policies to combat hunger and food security must focus on the rural areas and include support for small-scale farmers, increasing security of land tenure, promoting access to land for the landless, creating rural institutions, expanding financing options and removing prevailing legal and social biases against women working in agriculture. Layered safety net programmes can be important programmatic measures for addressing hunger and food security, as well as other MDG-related challenges.

Fundamentally, the poor share the benefits of growth when their incomes are increased through quality employment opportunities. There is a need for policies targeting employment creation among the most vulnerable, including women, youth and the rural poor. Programmatic responses should go beyond skill retraining and income generation and livelihood programmes, and should emphasize job creation in both the public and private sectors. Large-scale employment programmes can be effective mechanisms

and should be integrated as a part of any sustainable strategy for poverty reduction.

Sector strategies and programmatic interventions — including linkages between macroeconomic and sector strategies — also need to be more sharply aligned with and in support of MDG achievements. At the national level UNDP can play a key role in promoting the learning and adaptation of practices and of policy and programmatic interventions that have been known to have demonstrable outcomes. As noted in this Report, good practices typically require several layers of interventions and a considerable amount of adaptation to local contexts before they are seen as being successful. UNDP must support national counterparts to strengthen capacities to adopt, adapt and scale up such practices.

The need for policy coherence is not just a domestic matter. As highlighted by this Report, global developments — as evidenced by the recent economic and financial crisis, the volatility of commodity prices and by challenges related to climate change — all have implications for the ability of countries to make and sustain MDG progress. UNDP should advocate that risk mitigation measures — especially in the areas of commodity risk management, weather insurance and health insurance — be adopted at national levels and that development partners are mobilized to build the capacities needed for this to be achieved. Further, UNDP should play a more pro-active role in the global policy arena to champion for policy coherence and especially in those areas critical to MDG outcomes, including food security, global trade agreements and the global

financial architecture. Agricultural trade barriers, commodity price volatility and restricted financing mechanisms all tilt the balance against making progress and sustaining MDG achievements.

#### ■ Mobilize and Prioritize Funding for MDG Investments

A serious constraint facing many developing countries, especially the least developed, is the fiscal constraint. Funding limitations affect the ability of countries to scale up public expenditures required for investing in MDG outcomes. For aid-dependant countries, higher levels of ODA in the medium term and enhanced aid effectiveness are necessary conditions for accelerating MDG progress. Sustaining MDG achievements however will require a greater reliance on domestic resources to finance development over the longer term. At the global level, UNDP should continue to advocate for enhanced ODA in support of the MDGs as reflected through the Gleneagles Scenarios that have been prepared for several countries. Simultaneously, UNDP should strengthen national capacities to mobilize additional domestic revenues and play a more instrumental role in advocating for aid effectiveness in support of national MDG agendas.

Finally, MDG progress is neither linear nor monotonic. Hard-fought gains can be reversed during a crisis or after the withdrawal of financial support for MDG-related programmes. Ensuring that strategies promote sustainable MDG progress is just as important as MDG achievement itself.

*MDG progress is neither linear nor monotonic. Hard-fought gains can be reversed during a crisis or after the withdrawal of financial support for MDG-related programmes.*

# INTRODUCTION



UN Photo/Tim McKulka

*Achieving the MDGs is now all the more challenging because the development environment is more threatened now than it has been at any time in the recent past.*



In September 2000, world leaders adopted the UN Millennium Declaration, committing their nations to a new global partnership to reduce extreme poverty and expand the choices of the poor. A set of time-bound and measurable goals and targets for combating poverty, hunger, disease, illiteracy, environmental degradation and discrimination against women – the Millennium Development Goals (MDGs) – were placed at the heart of the global development agenda.

In 2005, the World Summit reaffirmed the centrality of the MDGs to the international development agenda. Nations, both developing and donor alike, made a strong and unambiguous commitment to achieve the Goals by 2015. Specific commitments by the international community included an additional \$50 billion a year by 2010 for fighting poverty (G8 Summit in Gleneagles) and a commitment by all developing countries to adopt national plans for achieving the Goals. More recently at the 2008 High Level MDG Event, governments committed an additional \$16 billion to support specific initiatives.

Still, more than one billion people – one-sixth of the world's population – live in extreme poverty and lack the safe water, proper nutrition, health care and social services needed for a healthy life in its most basic form. In many of the poorest countries, life expectancy is half of what it is in the high-income world – 40 years instead of 80 years. The consequences of this level of poverty reach far beyond the afflicted societies. Poverty and inequality are important causes of violent conflict, civil war and state failures. A world with extreme poverty is a world of insecurity.

Further, we are now beyond the mid-point between the adoption of the Goals and the target

date of 2015. Important progress has been made and there are many notable successes that offer encouragement. In all but two regions, primary school enrolment is at least 90 percent; about 80 percent of children in developing countries now receive a measles vaccine and 1.6 billion people have gained access to safe drinking water since 1990. But, despite significant achievements towards some targets, much more needs to be done. Numerous Goals and targets are likely to be missed without additional, strengthened or corrective actions that are urgently needed. At the current rate of progress, the proportion of people living on less than a dollar a day is unlikely to be reduced by half in Sub-Saharan Africa by 2015; a quarter of all children in developing countries are still undernourished, and 100 countries will fail to achieve gender parity in both primary and secondary school enrolment.

Achieving the MDGs is now all the more challenging because the development environment is more threatened now than it has been at any time in the recent past. A global economic slowdown, a food security crisis of uncertain magnitude and duration, the development impact of climate change, all directly affect efforts to reduce poverty and to attain the MDGs more broadly. And, for many developing countries, there is a risk that important advances made can quickly unravel.

At this juncture then, it is time not only to take stock but also to take note. As the world prepares to mark 2010 with a summit focused on reinvigorating international attention on the MDGs, and with less than six years left to 2015, no effort should be spared to build the momentum needed to realize the human development outcomes called for by the Millennium Declaration and embodied in the MDGs.

*Wide-ranging field consultations were held to identify why progress has been so uneven, what is needed for progress to be accelerated and how development partners can best support countries to achieve these important development outcomes.*

**Table 1: 30 Countries Assessed**

Africa	Asia Pacific	Arab States	Europe & CIS	Latin America & the Caribbean
Botswana Ethiopia Ghana Malawi Mozambique Tanzania Togo Senegal Sierra Leone	Bangladesh Cambodia India Indonesia Lao PDR Mongolia Nepal Timor-Leste Vanuatu	Bahrain Iraq Morocco Syria Yemen	Albania Armenia Kyrgyzstan Tajikistan	Colombia El Salvador Jamaica

In December 2001, the UN Secretary-General requested that the UNDP Administrator, in his capacity as the Chair of the UN Development Group, to act as campaign manager and scorekeeper for the MDGs within the United Nations system. And over the past eight years, at every stage, the United Nations system has aligned itself behind national governments in support of reaching the MDGs by 2015. This commitment of the organization has been reflected in the UNDP Multi-Year Funding Frameworks and the Strategic Plan (2008-2011), which highlights the “urgent need for additional efforts by the international community to make the achievement of the MDGs a reality by 2015 for all developing countries, but particularly for the least-developed, land-locked developing countries and small-island developing states”.

UNDP support for the MDGs has operated at global, regional and country levels and the focus of support has evolved, reflecting a deeper, wider and more active engagement with the MDGs over time. From 2001 to 2005, much of UNDP support centered on its role as scorekeeper and champion of the MDG agenda. Since 2005, programmatic support has widened to include, among other initiatives:

- **MDG-Based Planning:** MDG-based diagnostics, reporting and monitoring – including MDG needs assessments and poverty-consistent macroeconomic and fiscal frameworks – have been supported with the objective of widening policy options and choices to strengthen national capacities to achieve the MDGs;
- **Implementation of MDG-Focused Initiatives:** These initiatives span a number of MDG areas and programmes, including HIV mitigation, water governance, energy access for the poor and conditional cash transfers that function as mechanisms for reducing hunger and malnutrition. Such efforts have been tailored to respond to a range of development challenges, and are often unique to country situations and local development priorities;
- **MDG Advocacy:** At global, regional and country levels, UNDP has sought to build support for the MDG agenda through advocacy campaigns, and has worked with partners to mobilize the commitments and capabilities of broad segments of society to build awareness of the Goals.

In light of a rapidly changing development environment and given a limited time frame for

1 Funded through the Global Programme M&E



UN Photo/Marie Frechon

achieving the MDG agenda, UNDP initiated a forward looking MDG review to assess where emphasis should be placed over the next several years in order to better support partners and their efforts to meet the Millennium Development Goals. The principal purpose of this review is to assess the factors that shape MDG progress in a country, to identify the bottlenecks and constraints that have slowed this progress, and to assess how UNDP can support its development partners in their efforts to realize these basic and essential development aspirations. While it is clear that UNDP and the broader UN system cannot carry the full weight of alleviating many of these bottlenecks, it is also true that achieving MDG breakthroughs over the next six years will require that support from all development partners – and UNDP in particular – be much more strategic and effective.

This Report builds on the findings of 30 country level MDG assessments conducted from March to May 2009 (Table 1) and documents the key findings of these forward looking reviews. Wide-ranging field consultations with government counterparts, civil society and development partners were held to identify why progress towards MDG achievements has been so uneven, what is needed for progress to be accelerated and how development partners such as UNDP can best support countries to achieve these important development outcomes (Annex 1).

Information not specifically cited otherwise in this report are from the MDG Country Assessments.

The assessments support the findings of earlier studies, discussed in this report, which indicate that national progress on the MDGs is fundamentally shaped by a country's position in the global economy, by its own policies – whether they are congruent with the pursuit of broad-based, inclusive growth – and by sector programmes as they relate to achievement of the different Goals. MDG progress is also linked to good governance practices and institutional capacities, which are essential to create the enabling environment necessary for implementing needed policies and programmes and for securing MDG achievements. Also emerging as a key factor is whether adequate fiscal resources are available – including both domestic and Overseas Development Assistance (ODA) – and whether they are being channeled effectively in support of these development priorities.

It is clear then that approaching 2015, accelerated progress towards MDG achievements will depend on identifying and unlocking the constraints and bottlenecks in each of these areas. And they are all important. Policies without effective institutions to implement them are meaningless. Policies and institutions without resources are ineffective. The enormous diversity among countries, even within the same region, with respect to their specific conditions, institutions and governance structures implies that accelerated progress on the MDGs will depend on the unique conditions, opportunities and constraints of each country. No single blueprint will do.

This Report goes beyond just a diagnostics of country specific constraints and bottlenecks. It also highlights those policies, sector programmes, and democratic governance practices that have had demonstrable impacts on improving the capabilities and wellbeing of the poor. And it identifies key areas where capacity strengthening and policy coherence is required if progress towards MDG achievements is to be accelerated.

Finally, as recent global upheavals have shown so starkly, gains can always be reversed. Making progress towards MDG achievements does not imply that it will always be sustained. Emerging development challenges bring new risks, such as climate change, which can have a direct impact on agricultural patterns and on water and land resources. Measures

to accelerate progress need to be accompanied by measures to protect gains already realized. In the end, MDG achievements will only be meaningful if they are sustained in the world beyond 2015 and if the human development objectives that they embody are realized in those countries and for those people for whom the Millennium Declaration was intended.

The Report is organized as follows:

Chapter one examines national commitment to the MDGs and how they have been reflected in the national development agendas of countries. It identifies how the process of tailoring MDG targets to reflect national conditions, challenges and priorities is an important first step towards national ownership of the MDG agenda – and that if there is one overriding lesson guiding the achievement of these development goals and their sustainability, it is the importance of national ownership.

Chapter two argues that the enormous diversity among countries with respect to MDG achievements is explained at least in part by domestic conditions, as well as by the policy choices made by governments. However, in an increasingly interdependent world, domestic policy choices are themselves circumscribed by and subject to changes in the global system of trade and finance.

Chapter three underscores the importance of democratic governance practices in translating developmental objectives into concrete and tangible realities for the poor. The chapter identifies governance and institutional practices that have supported accelerated progress towards MDG achievements, but cautions that unless backed by adequate functional capacities, democratic governance practices alone will unlikely lead to rapid or enduring development gains.

Chapter four focuses specifically on the challenges faced by crisis and post-conflict countries as they attempt to address the MDGs. It highlights the fact that working towards the MDGs can be compatible with pursuing the pressing challenges of reconstruction, rehabilitation and resettlement. In fact, the idea of actively seeking to reach specified targets can be a powerful and mobilizing force for post-conflict recovery – as long as the design of MDG programmes does no harm in terms of conflict risk.

Chapter five examines the issue of securing and prioritizing finance for MDG investments. Not only are available finances insufficient for scaling up public expenditures, they are not necessarily directed in ways that prioritize the investments needed for accelerated MDG progress. The chapter also notes that it is essential to consider how domestic sources of finance, in addition to ODA, can be enhanced and mobilized to prioritize and finance MDG achievements.

Chapter six summarizes the evidence and issues discussed in the preceding chapters and recommends how UNDP can best support countries to make accelerated progress towards achieving the MDGs. Going forward, it suggests that UNDP galvanize its energies and resources to support countries to:

- Catalyze Partnerships for Synchronized National Action
- Employ Democratic Governance Practices to Improve Implementation Deficits
- Bolster and Champion Policy Options and Coherence in Support of MDG Breakthroughs
- Mobilize and Prioritize Funding for MDG Investments

*In the end, MDG achievements will only be meaningful if they are sustained in the world beyond 2015 and if the human development objectives that they embody are realized in those countries and for those people for whom the Millennium Declaration was intended.*

## CHAPTER ONE

# THE COMMITMENT TO MDG ACHIEVEMENTS

From Global Commitments  
to National Ownership

Progress towards MDG Achievements:  
The Evidence

Progress is Neither Linear or Monotonic

Sustaining MDG Progress:  
Recent Global Trends

*If there has been a singular defining achievement of the MDGs, it is that they are by now firmly at the core of the international development agenda.*



## FROM GLOBAL COMMITMENTS TO NATIONAL OWNERSHIP

If there has been a singular defining achievement of the MDGs, it is that they are by now firmly at the core of the international development agenda. Development partners, international NGOs, MDG Challenge Accounts and Trust Funds, a relay of global summits and forums have all championed and supported accelerated progress towards MDG achievements<sup>2</sup>.

More importantly though, less than six years from the target date of 2015, these Goals are now at the heart of the national agendas of many developing countries. Parliamentary MDG Standing Committees in Mongolia and Bangladesh, national co-ordination committees to oversee implementation of the MDGs in Sierra Leone and Kyrgyzstan, public action and civil society advocacy from Albania to India and from Ghana to Mozambique, and national planning priorities explicitly focused on securing MDG outcomes in Brazil and Nepal— all of these developments testify to the catalytic role that these

Goals have played in national poverty reduction and development since they were first introduced in 2001. Table 1.1 indicates that of the 30 countries surveyed, each had some form of national process or institutional framework in place that was concerned with formulating, implementing and/or monitoring programmes and policies in support of MDG achievements.

Eight Goals, eighteen targets and 48 indicators: these were the initial set of time-bound Goals adopted by the global community in 2001. Three targets and 12 indicators were added to the initial set<sup>3</sup>, especially for the Goals related to income poverty, maternal health, HIV and AIDS and environmental sustainability. The latest list of Goals, targets and indicators are presented in Annex 1.1. The most striking changes to the MDG targets and indicators from the 2001 list to the current list are present in five distinct areas:

- 1. Employment and Decent Work:** The original MDGs included a target focused exclusively on implementing strategies for decent and productive work for youth under Goal 8. Now, the target is set under Goal 1 and has been broadened to address full employment for all.

**Table 1.1: National Processes and Institutional Frameworks for the MDGs**

Country	National Process
Albania	Localized MDGs through regional development strategies; parliamentary resolution on MDGs in 2003.
Armenia	Government adapted a national PRSP/MDG monitoring indicators framework; the national MDG framework is to be incorporated into the reviewed PRSP.
Bahrain	Plans to localize the MDGs and adopt MDG-plus targets
Bangladesh	Government institutionalizing M&E system to report on poverty and MDG indicators; local development strategies formulated for MDG achievements; MDGs with targets have been incorporated into first PRSP (2005), Medium Term Budgetary Framework and the ADP; discussions underway to integrate the MDGs into the next 5 year plan (2012-2016).
Botswana	The seven pillars of the country's Vision 2016 and its National Development Plan for 2009-2016 matches the eight MDGs.

Continued on next page

- MDG global targets have been ratified by Governments within the framework of the various international conferences and major events that followed the 2000 Millennium Summit, among which are the Doha Round of multilateral trade negotiations (2001), the World Summit on HIV/AIDS (2001), the International Conference on Financing for Development (2002), the 2005 World Summit, the Paris Declaration on Aid Effectiveness (2005), the G8 Gleneagles Summit (2005) and the WTO Hong Kong Ministerial Meeting (2005).
- The Inter-Agency and Expert Group on the MDG Indicators has agreed to the revised official list of MDG targets and indicators effective from 15 January 2008. The revised list reflects the addition of four new targets by the UN General Assembly at the World Summit in 2005.

**Table 1.1: National Processes and Institutional Frameworks for the MDGs (cont-d)**

Country	National Process
Cambodia	Localized the MDGs and tailored them to meet their specific needs through a process of national consensus in 2003; MDGs incorporated into the National Strategic Development Plan.
Colombia	Government ratified and localized the MDGs in 2005; MDG targets reflected in the development plans of nine of the country's departments; government commitment to MDGs also reflected in its development strategy document CONPES 91 (2005).
El Salvador	The Government's Pais Seguro programme (2004-2009) states that its commitment to achieve the MDGs will lay the foundation for El Salvador's future.
Ethiopia	National development plan, PASDEP (2005-2010) prioritizes MDG achievements.
Ghana	The GPRS II (2006-09) explicitly focuses on the MDGs, which also have been given a separate section in the annual budget statement; civil society prepared MDG shadow report.
India	Eleventh National Plan (2008-2012) has 27 monitorable targets, of which 13 are disaggregated at the State level. Many are consistent with, and in some cases more ambitious than, the 2015 MDG targets.
Indonesia	MDGs referenced in the Medium Term National Development Plan (2009-2014), but with no explicit prioritization; national goals for poverty eradication are more ambitious than the MDGs.
Iraq	MDGs have been tailored for the needs of Iraq and integrated into the National Development Strategy (2007-2010).
Jamaica	MDGs are mentioned in Vision 2030, Jamaica's National Development Plan, with no explicit prioritization.
Kyrgyzstan	MDGs used as the development framework for the Country Development Strategy (2009-2011), which includes 19 key MDG indicators. In 2009, a Coordination Committee to oversee implementation of the MDG agenda by all government bodies was established.
Lao PDR	MDGs are an integral part of the 6th Five Year National Socio-Economic Development Plan; the Government is considering integrating the MDGs into its 7th National Socio-Economic Development Plan (2011-2015).
Malawi	The Malawi Growth and Development Strategy (2006-2011) is a MDG-focused national plan; civil society is active in producing shadow MDG reports led by the Council of NGOs in Malawi (CONGOMA).
Mongolia	Parliamentary resolution in 2005 establishing Mongolia-specific MDG targets; MDG-based national development strategy approved by Parliament.
Morocco	In 2005, ONDH (Observatoire National de Development Humain) was established to report to the Prime Minister on human development and MDG achievements.
Mozambique	MDGs incorporated into the second PARPA (national poverty reduction strategy); civil society (the Mozambique Survey Consortium) carried out a survey to assess public perceptions of the MDGs.
Nepal	MDGs incorporated into the Tenth PRSP (2002/03-2006/07) strategic framework; current three year National Interim Plan prioritizes progress towards MDG achievements; local MDG reports being carried out at the district level.
Senegal	The President established a Special Presidential Adviser on the MDGs and appointed a national steering committee to coordinate the national response for MDG achievement.
Sierra Leone	The 2nd Growth and Poverty Reduction Strategy (GPRS) focuses explicitly on the MDGs, with the Office of the President leading its implementation and oversight.
Syria	MDGs prioritized in the Tenth Five Year Plan (2006-2010).
Tajikistan	PRS2 and NDS incorporate MDG targets and indicators; MDG Working Groups established by presidential decree and chaired by deputy prime ministers under the coordination of the State Advisor of the President.
Tanzania	MDGs mainstreamed into Development Vision 2025 and medium term plan MKUKUTA, and for Zanzibar.
Timor-Leste	Timor-Leste integrated the MDGs into its first and subsequent National Development Plans, and discussions are ongoing with the Government regarding the integration of tailored MDG targets.
Togo	Adopted a National Development Strategy based on the MDGs (2007).
Vanuatu	Ongoing discussion with the Government for the integration of MDGs into national and local development plans.
Yemen	Third National Socio-Economic Development Plan (2005-2010) aligned to the MDGs. Cabinet decision taken on adopting the MDGs and integrating them into national strategies, plans and programs (2003).

Source: Country MDRs and MDG Country Assessments

*Of the 30 countries sampled, 90 percent adapted one or more of the Goals, targets or indicators to better reflect national conditions and priorities.*

2. **Reproductive Health:** The original Goal on maternal mortality focused exclusively on the maternal mortality ratio. The present list adds a target focusing on achieving universal access to reproductive health, and recognizes the importance of preventive care and awareness for achievement of this Goal.
3. **Combating the spread of HIV:** The power of knowledge was further stressed with the addition of two indicators that recognize how education may help to halt and reverse the spread of HIV, with a focus on the high risk groups of youth and orphans.
4. **Treating HIV and AIDS:** A target was added on achieving universal access to antiretroviral treatment for all those who require it. While the earlier target emphasized the role of pharmaceutical companies to provide essential drugs at affordable prices to developing countries, this new target places stronger emphasis on the availability of antiretroviral drugs for patients living with HIV and AIDS.
5. **Environmental Sustainability:** An additional target on reducing biodiversity loss was added to Goal 7.

As additional targets were being added to the global list, national counterparts had already initiated the exercise of tailoring and adapting the global targets and indicators as early as 2002 (Bhutan, Bolivia, Cambodia). Some countries set MDG-plus

targets (Botswana, Thailand) while others completed MDG reports at the sub-national level (Argentina, Ecuador, Nigeria). Yet others added an additional Goal to address issues of high national importance, such as enhancing security (Afghanistan). Many other countries added additional targets for Goals seen as national priorities – such as HIV in Botswana and Colombia – or revised indicators depending on its relevance to the national context. The results of this tailoring exercise are reflected in country MDG Reports, often produced jointly by the government and the UN<sup>4</sup>.

In a survey on the perceived impact of the MDGs in 118 countries, 86 percent of countries reported to have undertaken some adaptation of one or more of the Goals, their targets or associated indicators (UNDG 2005). The MDG country assessments reaffirm this finding: of the 30 countries sampled, 90 percent adapted one or more of the Goals, targets or indicators to better reflect national conditions and priorities<sup>5</sup>. Transition countries such as Albania, Mongolia and Iraq adopted an additional Goal 9, geared to achieving targets related to good governance, while Cambodia added a Goal 9 that focuses on demining, unexploded ordinance (UXO) and victim assistance. In addition, Cambodia added or modified a number of targets and indicators on a range of nationally relevant issues such as reducing child labor, encouraging breastfeeding and increasing the number of rangers protecting its forests. Cambodia added, modified or expanded the indicators for each and every target under the first seven MDGs.

Two thirds of countries in the sample used their national poverty line instead of the “dollar a day”

4 For national MDG Reports, see [http://www.mdgmonitor.org/country\\_reports.cfm?c=KHM&cd=116](http://www.mdgmonitor.org/country_reports.cfm?c=KHM&cd=116)

5 The exceptions in the sample are Lao PDR, Bahrain and Mozambique.

criterion to more accurately measure income poverty. Such a large number of countries making the same adaptation indicate that the “dollar a day” standard may not be a practical measure of poverty in many countries.

Ending discrimination in the workplace, including gender-based wage disparities and increasing women’s participation and power in the formal economy, was added by 12 countries in the sample, or 40 percent, including all countries from the Europe and CIS region. Each country included multiple diverse indicators for measurement – from eliminating gender disparity in employment to increasing women’s access to and control over productive resources. Further, six countries (Botswana, Cambodia, Colombia, Morocco, Tajikistan and Togo) included a target or indicator aimed at reducing violence against women.

Many countries – including all those in the sample from the Europe and CIS region, which already achieved universal primary education – adapted Goal 2 to include an expanded number of years. Forty seven percent of countries in the sample measure basic<sup>6</sup> or secondary education enrollment and/or attainment. Armenia, Botswana and Colombia went further by adding a target on education quality, using indicators such as the number of pupils passing national exams, student-teacher ratios and access to textbooks.

Nine countries<sup>7</sup> also added nationally relevant diseases to the Goals, targets and/or indicators. Some countries went further by adapting targets at the sub-national level (Albania, Indonesia). Details on how each country adapted the Goals, targets and indicators to reflect national concerns and priorities are presented in Annex 1.2.

The tailoring of the MDG targets and indicators to reflect country specific priorities, conditions and challenges was the first step towards national ownership of this development agenda. And if there is one overriding lesson for the achievement of development results – and for their sustainability – it is the importance of national ownership.

National ownership of course extends beyond government ownership. Several country assessments

6 Basic education commonly means grades 1-8, while primary school refers to grades 1-5 (definitions may vary across countries)

7 Albania, Cambodia, Colombia, El Salvador, Kyrgyzstan, Mongolia, Syria, Tajikistan and Vanuatu

## Box 1.1: MDGs and Citizen Engagement

A powerful, but lesser known purpose of the MDGs, as described in the UN Secretary-General’s Road Map for the Implementation of the MDGs, is to mobilize people power in the fight against poverty and inequality. As we take stock of how much the MDGs have contributed to reducing poverty, illiteracy and disease in the last decade, it is important to recognize that one of the unsung successes of the MDG agenda has been its ability to galvanize millions of people across the world to call on their governments to account for their MDG promises. This people’s movement peaked from 16-18 October 2008, when over 116 million people in about 110 countries joined the *Stand Up Against Poverty, Stand Up for the MDGs* initiative facilitated by the UN Millennium Campaign and a wide range of partners – including the Global Call to Action Against Poverty.

Citizens groups both in industrialized and developing countries have vigorously campaigned with their Governments for the realization of the MDGs and to *Make Poverty History*. The UN Millennium Campaign has supported citizens’ action for MDG advocacy with a strong focus on the poor and excluded groups, particularly women. Citizens have used a range of methods, including accountability instruments such as citizen score cards, people’s tribunals and independent MDG performance assessments to gauge progress. Shadow Reports, alternative MDG performance reports produced by citizens groups to assess progress through the lens of the general public, have been produced in more than 30 countries. The reports convey the view of citizens on issues affecting MDG achievement as well as their demands to governments – including steps thought necessary to ensure that countries are on track for MDG achievement.

In Ghana for example, the Shadow MDG Report 2008 covered 50 communities in three disadvantaged districts: one in the south, one in the country’s central region and one in the north-east. The report argues that Ghana still faces significant challenges in addressing issues of hunger and extreme poverty, especially among youth. The report was validated with various civil society groups through Focus Group Discussions and later presented to the National Development Planning Commission (NDPC) just before the High Level event on the MDGs in September 2005. The NDPC used the findings in developing sectoral planning interventions.

indicate the important role played by civil society organizations in advocating for the adoption of nationally relevant MDG targets. Importantly, civil society organizations have played a key role in demonstrating that development progress at the national level has often by-passed those most in need, such as ethnic minorities, poorer regions and socially excluded groups. Shadow MDG Reports in countries such as Ghana, India, Malawi and Mozambique<sup>8</sup> have identified the gaps between MDG achievements of such groups and the rest of the population, pointing to the need for policy-makers to focus the development agenda on disadvantaged regions and communities.

Achievement of the MDGs is fundamentally related to the achievement of greater political space and voice for those affected by poverty and exclusion. By linking the relevant goals with the national and local substantive political agenda, and by enabling deeper dialogue, broader engagement and a participatory process for citizens' involvement, civil society organizations have played a key role in making the MDGs relevant to a country's specific circumstance and context.

## PROGRESS TOWARDS MDG ACHIEVEMENTS: THE EVIDENCE

According to the global MDG Report 2009, significant advances have been made in the period from 1990 to 2005 on a number of indicators. Extreme poverty (measured as the number of people living on less than a \$1.25 a day<sup>9</sup>) decreased from 1.8 billion to 1.4 billion people globally. In the developing world as a whole, enrolment in primary education reached 88 percent in 2007, up from 83 percent in 2000. Interestingly, most of the progress was in regions lagging the furthest behind: in Sub-Saharan Africa and southern Asia, enrolment increased by 15 percent and 11 percent respectively, from 2000 to 2007. Deaths of children under five declined steadily worldwide, from 12.6 million in

1990 to 9 million in 2007, despite population growth (UN 2009a).

Progress, though, has been uneven: rapid acceleration is vital to bring improved sanitation to the 1.4 billion people who were forced to live without it in 2006, with all its attendant consequences for the local environment and health of communities. And a global clarion call is needed to focus attention on the urgent need to improve maternal health – the goal towards which there has been least progress made so far.

Importantly, the evidence also reveals wide variations among and within regions. Asian countries have performed well in lowering income poverty, while Latin American and Middle Eastern countries have fared well in health, education and improving gender equity. Sub-Saharan African countries generally lag far behind countries in other regions, and progress is slower in conflict and post-crisis countries, as well.

At current trends, most developing countries are projected not to meet most of the MDGs. On this point, there is relative agreement among the UN, World Bank and NGOs (Bourguignon, et.al. 2008).

The 30 MDG country assessments also reveal wide variations among countries with respect to MDG achievements. In some countries, income poverty declined (Ethiopia, Ghana, Jamaica, Kyrgyzstan) whereas in others poverty reduction has been too slow (Cambodia, Mozambique, Tanzania); in others still, poverty levels have even increased (Colombia, Timor-Leste, Togo, Yemen).

Table 1.2 illustrates the difficulty of making generalized statements on trends in MDG achievement. The reality is that most countries may achieve progress on some goals and face a unique set of challenges in achieving others; there is a wide variation of progress. Nevertheless, the sample shows that there are some trends within regions and among groups classified by level of development for individual goals.

Twelve of the 30 countries in the sample are on track to meet the Goal of reducing by two-thirds the mortality rate among children under five (best performer in the sample), but half are off track to meet

8 Wada Na Todo Abhiyan: Measuring India's progress on the MDGs: A Citizen's Report (Dec 2007), Tehreek E Pasmanda Muslim Samaj (TPMS) Millennium Development Goals and Muslims in India: A Status Report (2008). People's Forum on the MDGs (PFM), Not Yet Free of Bondage: An Overview of the Independent Civil Society report on the Progress of the MDGs in Bangladesh (July 2007).

9 In 2005 prices

**Table 1.2: MDG Progress Score Card<sup>10</sup>**

Country	MDG-1: Poverty & Hunger	MDG-2: Education	MDG-3: Gender Equality	MDG-4: Child Mortality	MDG-5: Maternal Health	MDG-6: HIV/AIDS & Other	MDG-7: Environment Sustainability
Albania	■	■	■	■	■	■	■
Armenia	■	■	■	■	■	■	■
Bahrain	■	■	■	■	■	Insufficient data	■
Bangladesh	■	■	■	■	■	■	■
Botswana	■	■	■	■	■	■	■
Cambodia	■	■	■	■	■	■	■
Colombia	■	■	■	■	■	■	■
El Salvador	■	■	■	■	■	■	■
Ethiopia	■	■	■	■	■	■	Insufficient data
Ghana	■	■	■	■	Insufficient data	■	■
India	■	■	■	■	■	Insufficient data	Insufficient data
Indonesia	■	■	■	■	■	■	■
Iraq	■	■	■	■	■	Insufficient data	■
Jamaica	■	■	■	■	■	■	■
Kyrgyzstan	■	■	■	■	■	■	■
Lao PDR	■	■	■	■	■	■	■
Malawi	■	■	■	■	■	■	■
Mongolia	■	■	■	■	■	■	■
Morocco	■	■	■	■	■	■	■
Mozambique	■	■	■	■	■	■	■
Nepal	■	■	■	■	■	■	■
Senegal	■	■	■	■	■	■	■
Sierra Leone	■	■	■	■	■	■	■
Syria	■	■	■	■	■	■	■
Tajikistan	■	■	■	■	■	■	■
Tanzania	■	■	■	■	■	■	■
Timor-Leste	■	■	■	■	■	■	■
Togo	■	■	■	■	■	■	■
Vanuatu	■	■	■	■	Insufficient data	■	■
Yemen	■	■	■	■	■	■	■

- Achieved or on track to be achieved by 2015
- Mixed progress or possible to achieve by 2015 if additional, strengthened or corrective action is taken urgently
- Off track: unlikely to be achieved by 2015

Source: National MDG Reports

<sup>10</sup> Note on the Data: The data to assess each country's MDG progress are obtained from the latest national MDG Reports – the principal source of MDG data at the country level. The data contained in these reports measure MDG progress in relation to the targets and Goals that have been adapted by the country. Global and regional MDG progress reports rely on different data sets and report on progress made toward the global targets. Data in the latter are adjusted to facilitate international comparisons. Differences in assessing MDG progress may also arise on account of different years used for tracking progress. This includes the benchmark year and also the latest year for which data may be available.

The Bangladesh MDG-R 2007 indicates that the country is "on track" to meet MDG-1, however it acknowledges that Bangladesh risks missing the target in 2015 unless high economic growth is sustained.

Data for Ethiopia considers updates from PASDAP Annual Progress Report 2006/07.

Data for Tajikistan uses the 2005 MDG Needs Assessment.

*The reality is that most countries may achieve progress on some goals and face a unique set of challenges in achieving others; there is a wide variation of progress.*

the Goal of reducing by three-quarters the maternal mortality ratio (worst performer in the sample). This is consistent with the global trends observed: “the deaths of children under five declined steadily worldwide despite population growth....the goal towards which there has been the least progress world-wide is that of maternal mortality” (UN 2009a).

Interestingly, no African country in the sample is off track to achieve MDG-6 on HIV, Malaria and other diseases, indicating that the Goal is not out of reach for these countries in the African region.

About half of the Goals in the Asia Pacific region are “possible to achieve” with the introduction of additional targeted interventions and effective policies. This trend is also true for the Europe and CIS region, indicating the vulnerability of these regions to shocks. For instance, seven out of nine Asian countries are currently lagging behind on targets related to income poverty and hunger, but may achieve them if additional strengthened action

is taken to accelerate achievement.

Countries sampled from the Arab States have both the highest percentage of Goals that are on track, as well as the highest percentage of Goals that are off track. They are collectively off track for meeting the Goal of environmental sustainability but are doing very well on combating income poverty and hunger, with the exception of Yemen. Most sampled countries in the Europe and CIS region are off track on MDG targets related to gender equality and maternal mortality.

There are 13 Least Developed Countries (LDCs) in the sample and 13 developing countries which are neither LDCs nor transition economies. Of the countries in the sample, the LDCs are showing less progress towards achieving the MDGs than the developing countries. Seven countries in the LDC group are off track for three or more MDGs while only two countries in the developing group fare the same. Only one LDC, Ethiopia, is on track for meeting MDG-5 on maternal health while six developing countries in the sample are on track for achieving that Goal. Achieving targets related to education and gender equality also appear to be greater challenges in LDCs. Interestingly, however, LDCs are faring much better than developing countries on halting and reversing the spread of HIV and other diseases: five LDCs in the sample are on track to achieve MDG-6, compared with only one non-LDC developing country.

The process of measuring progress itself can also prove difficult. Several country assessments note that poverty estimates can only be as robust as the methods and data used to generate them. In some countries (Jamaica, Kyrgyzstan), the national poverty line is too low, thereby underestimating the true extent of poverty. Other country assessments report

**Table 1.3: Projected Poverty Rates in 2015 (% of the Population)**

Country	2015 Projections
Mozambique	40
Sierra Leone	33
Colombia	28.5
Bangladesh	29
Timor-Leste	31

Source: National MDGRs

that the indicators reported in the MDGR conflict with other data sources and perceptions of the actual state of poverty (Malawi, Sierra Leone).

While several countries appear to have made rapid progress in reducing poverty, many of them began the 1990s with extremely high poverty rates. Indeed, even if countries like Mozambique, Sierra Leone, Colombia, Bangladesh and Timor-Leste were to achieve the target of reducing income poverty by half, the poverty incidence in these countries would still be at extremely high levels. Table 1.3 presents data on the projected incidence of poverty in 2015 for these countries, if they were to achieve the target of reducing income poverty by half.

## PROGRESS IS NEITHER LINEAR OR MONOTONIC

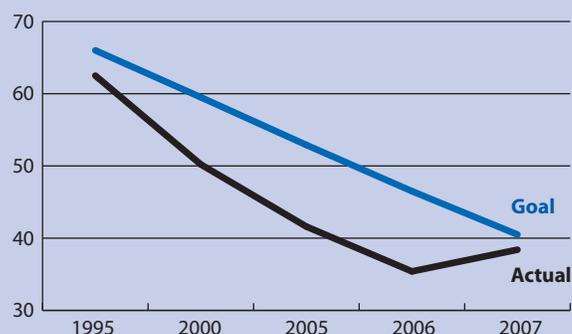
Evidence among different countries on the rate and pace of MDG progress from 1990 to 2005 reveals that many countries are on track on a number of fronts, but that the progress can have periods of rapid acceleration, stagnation and even periodic setbacks.

From 1995 to 2006, the Middle East and North Africa region was progressing at a trajectory faster than required for achieving the under-five mortality target by 2015. From 2006 to 2007, however, child mortality rose from 35.4 deaths per 1000 children to 38.4 deaths per 1000 children. Despite this setback, the region is still on track towards meeting this target.

The Latin America and the Caribbean region is nearly on track for meeting target 1.1 on income poverty. From 1990 to 1993, the region experienced a sharp decline in poverty and found itself comfortably below the trajectory required to meet the goal by 2015. By 1996, however, the region was off track and lost much of the progress made during the first few years of the decade. From 1996 to 2002, poverty rates remained relatively stagnant, falling by just one quarter of one percent of the population. The three-year period from 2002 to 2005 again saw a sharp decline in income poverty, bringing the region close to the required trajectory to meet the goal.

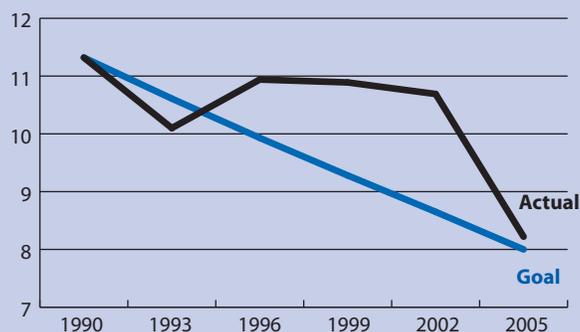
Individual countries also often experience non-linear patterns of MDG progress. The chart below shows the rate of measles immunization for children aged 12-23 months in Indonesia. Periods of rapid acceleration, stagnation and even decline are evident.

**Figure 1.1: Reduce by Two Thirds the Under-Five Mortality Rate (Deaths per 1,000 Children) Middle East and North Africa**



Source: World Bank

**Figure 1.2: Share of People Living on Less than \$1.25 per Day (%) Latin America**



Source: World Bank

Country by country, it appears that progress towards the MDGs is shaped by the following: (a) how far a country participates in global growth; (b) how far a country's own policies contribute to shared growth and poverty reduction; (c) a country's governance and capacity challenges; and (d) for the

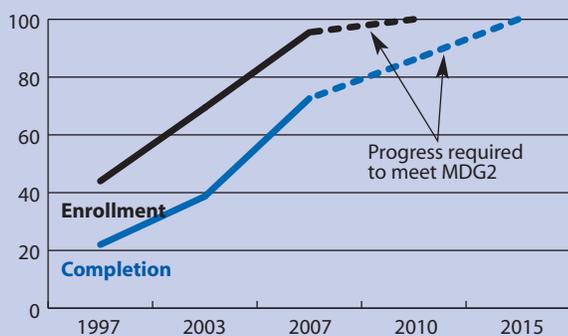
**Figure 1.3: Immunization in Indonesia (1990-2007)**

**Measles (% of children ages 12-23 months)**



Source: World Development Indicators

**Figure 1.4: Net Enrolment Rate and Completion Rate in Grades 1-5**



Source: Republic of Mozambique and United Nations (2008, 2005)

poorest countries, how much aid is delivered and how well it is used (Bourguignon 2008).

Given the right policy environment, together with committed institutions backed by adequate capacity and sufficient resources, progress towards MDG achievements can be accelerated and the evidence speaks to that.

In Mozambique, some of the most impressive gains have been in the education sector, notably in

improving access to primary education. The Planning Department in the Ministry of Education examined four decades of detailed time-series data, which shows a decrease in the number of new primary school entrants from the mid 1970s to the early 1980s, when the disruptions caused by the civil war drove down enrolment rates. However, after the end of hostilities, school enrolment figures began to climb sharply and steadily. The data reported in the two MDGRs for net enrolment and net completion rates in first level primary education, which covers grades 1-5, shows that the net enrolment rate (NER) more than doubled in just ten years (Figure 1.4). In 1997 the NER was 44 percent compared to 96 percent in 2007. The rise in enrolment has been particularly strong for girls: from 39 percent in 1997 to 93 percent in 2007.

In recent years, a series of specific measures have been introduced in Mozambique to sustain the momentum towards meeting the MDGs related to education. Government policy since 2003 has focused on lowering the cost of primary education and ensuring that a higher proportion of expenditures reach learners. Three major primary education measures were introduced: in 2004, a ministerial decree abolished the ASE (Acao Social Escolar) as well as all other fees and levies in primary education to take effect in the beginning of the 2005 school year; the government also introduced capitation grants (valued at approximately \$0.50 per term per primary school student in 2004) for all primary schools to cover non-salary expenses, including the purchase of essential teaching and learning materials and school repair; the third measure was the introduction of a new primary school curriculum from 2004. Moreover, it allowed the possibility of teaching in native languages for grades 1 and 2, and for textbooks to be provided free of charge to all primary school students.

In Ethiopia, remarkable achievements have been realized in the health sector. The National Child Survival Strategy – which has the overall objective of reducing the under-five mortality rate to 67 deaths per 1000 children by 2015 in order to achieve the related MDG targets – addresses the major causes of child mortality that account for 90 percent of under-five deaths, including pneumonia, neonatal conditions, malaria, diarrhea, measles, malnutrition and HIV.

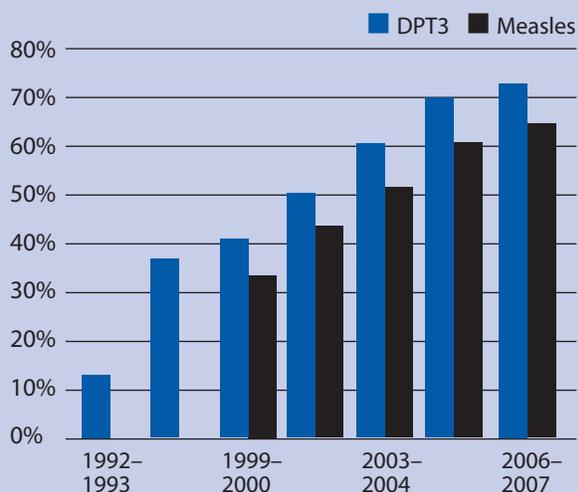
**Table 1.4: MDG-4 (Reduce Child Mortality) Indicator Trends in Ethiopia**

Ethiopian Indicator	Base Level (1990)	MDG Target (2015)	1995/96	2000/01	2004/05	2006/07 (or most recent)
Under-5 Mortality Rate (per 1,000)	190	63	-	167 (2001/02)	123	-
Infant Mortality (per 1000)	123 (1992/93)	-	-	97 (2001/02)	77	-
Immunization Measles (%)	-	-	-	42 (2001/02)	61	65
Immunization-DPT3 (%)	14	-	59	47	70	73

Source: MoFED 2008

**Figure 1.5: Immunization Trends in Ethiopia**

**EPI Coverage: Proportion of Children Immunized Against Diphtheria, Pertusis and Tetanus, and Measles**



Note: Measles immunisation data not available for 1992/93 and 1999/00  
Source: WMS and MOH Annual Data (Ethiopia)

As a result, immunization rates have increased four-fold since the early 1990s, making Ethiopia one of the few countries in Africa to have achieved an increase of more than 50 percent in the proportion of children being immunized against measles.

In just seven years – from 1999/2000 to 2006/2007 – the proportion of children fully immunized against all major childhood diseases in Ethiopia has more than doubled, from 22.3 percent to 53 percent. This is on account of a number of factors, such as a national effort to expand immunization services and outreach of health services to rural areas and to the poor, and substantial additional funding provided by the Government and development partners, including the Global Fund.

As these cases indicate, accelerated progress towards MDG achievements is indeed possible. However, making progress towards MDG achievements and sustaining these achievements are not the same thing.

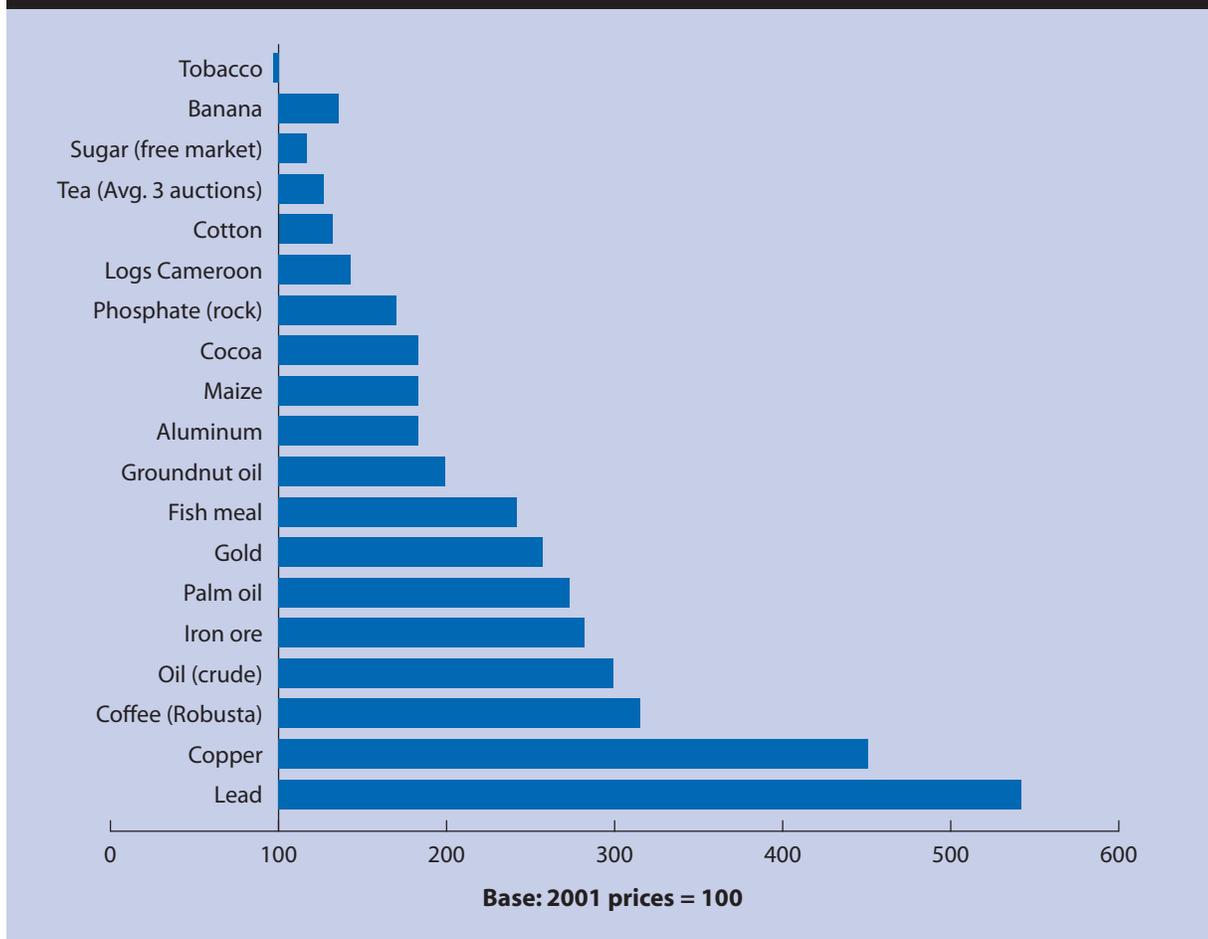
## SUSTAINING MDG PROGRESS: RECENT GLOBAL TRENDS

Recent global developments – including volatile commodity prices and the global financial and economic crisis – point out how development achievements can be stalled if not reversed. The World Bank predicts that up to 90 million more people will be pushed into extreme poverty by the end of 2010 as a result of the global recession<sup>11</sup> and the rise in unemployment could reach more than 50 million, in a worst-case scenario estimated by the

ILO (2009b), if conditions continue to deteriorate. The crisis could also have a disproportionately negative impact on female employment since they constitute between 60 and 80 percent of export manufacturing workers in developing countries, according to the Commission on the Status of Women (2009).

Sub-Saharan Africa as a whole is expected to see a real drop in financial flows between 2007 and 2009 and an export earnings decline of about 6 percent of the entire continent's GDP (African Perspectives 2009). Growth rates have decelerated sharply in the

**Figure 1.6: The Surge in Commodity Prices – 2001-2007 (100 in 2001)**



Source: AfDB/OECD (2008).

<sup>11</sup> <http://web.worldbank.org/WBSITE/EXTERNAL/NEWS/0,,contentMDK:22335223~pagePK:34370~piPK:34424~theSitePK:4607,00.html>.

CIS countries and for many of the countries in Latin America and the Caribbean. And, it does not appear that richer or middle-income countries in Asia will escape the effects of the crisis either. Many East Asian economies are in recession and China and India have experienced sharp contractions in growth (Action Aid 2009).

None of the countries in the sample appear to be immune from the impacts of these global developments (Annex 1.3), although the magnitude of impact varies from country to country. Those suffering the worst effects appear to be mineral and oil exporters whose fortunes were tied to the surge in commodity prices that started shortly after the turn of the new millennium. Almost all commodity prices increased, at different rates, from 2001 to 2007. But, by 2008, prices of oil and minerals began to drop sharply, and the global economic crisis began to ricochet around the globe, impacting export revenues and the growth prospects of developing countries.

Countries sampled in the Europe and CIS region experienced sharp contractions in growth rates. In Kyrgyzstan, GDP growth is expected to drop to 0.9 percent in 2009 from 7.6 percent in 2008. In Armenia, growth will slow by as much as 8 percent in 2009, while in Tajikistan GDP growth is expected to fall to 2-3 percent in 2009 compared to 8 percent in 2008. Much of this slowdown is the result of a fall in export revenues, reflecting both the decline in the price of commodities and the demand for exports – including minerals and oil. In Kyrgyzstan, exports contracted by 30 percent in the first quarter of 2009,



UN Photo/Logan Abassi

*Recent global developments – including volatile commodity prices and the global financial and economic crisis – point out how development achievements can be stalled if not reversed.*

*Securing MDG achievements in light of these global developments requires now more than ever that developing countries develop and adopt risk-coping and risk-management strategies, especially in the areas of commodity risk management, weather insurance and health insurance.*

while in Tajikistan, they fell by 40 percent against the same period in 2008.

Consequently, in Tajikistan, the budget deficit has forced the government to cut spending by 9.6 percent, which has affected spending in a number of sectors including utilities and infrastructure. In

Armenia, budget revenues declined by 14.6 percent compared with the same period in 2008.

Mineral-exporting countries from Africa also appear to have been deeply impacted by drops in both commodity prices and demand on account of the economic crisis. Botswana and Sierra Leone have seen their fortunes fade rapidly as diamond exports have nearly ground to a halt. Botswana's diamond industry – accounting for more than 40 percent of GDP, 40 percent of government revenue and 90 percent of foreign exchange earnings – practically collapsed towards the end of 2008: diamond production is expected to be 35 percent lower in 2009 and prices 15 percent lower compared to 2008.

In Sierra Leone, minerals constitute 89 percent of the country's export revenues – much of which is diamonds, which alone account for 60 percent of all export revenues. With a drop of 37 percent in the prices of commodity metals in just the last quarter of 2008, foreign exchange earnings have plummeted. Anecdotal evidence suggests that the diamond industry, responsible for 300,000 jobs, is now virtually at a standstill.

On the one hand, such developments show starkly how a country's position in the global economy can affect its progress at the national level. The global economy can influence the achievement of the MDGs by facilitating economic growth in particular countries. But it also points to the fact that achievements made thus far cannot be guaranteed, and can be impacted by ever-changing global economic conditions and trends.

### **Box 1.2: Mining's Contribution to Growth in Mongolia**

Mining of copper and gold represents 70 percent of Mongolia's exports and almost 30 percent of the country's GDP. Strong growth in the mining sector was associated with an average GDP growth of 7.5 percent from 2001 to 2008, reaching a peak of 9.9 percent in 2007. This resulted in a significant external balance surplus, dramatic increases in budget revenues and a rapid expansion of government spending.

Falling copper prices and demand have caused a rapid reversal in the country's economic outlook with a fast growing trade deficit, reduced foreign exchange reserves, capital outflows and steep exchange rate depreciation. In 2009, the IMF expects GDP growth to drop to 2.8 percent. Due to the sudden drop in revenues, allocations for MDG-related sectors, including health and education, as well as infrastructure allocations have been delayed.

Securing MDG achievements in light of these global developments requires now more than ever that developing countries develop and adopt risk-coping and risk-management strategies, especially in the areas of commodity risk management, weather insurance and health insurance. It is anticipated that over the medium term, commodity markets will remain tight and volatile. The uncertainty surrounding commodity prices must be taken into account when designing MDG-consistent development strategies.

There is even more uncertainty when assessing the situation over a longer time frame. Of special concern are the challenges and uncertainties posed by climate change, and the consequences of global warming for developing countries. Existing models that link climate forecasts and the global economy suggest that the agricultural sector of developing countries will be the hardest hit by climate change, and that within individual countries, the poorest regions will suffer most (Cline 2007). This could render the progress achieved so far in the MDGs unsustainable in the long run, unless adequate adaptation policies can be launched.

### Box 1.3: Legal Empowerment of the Poor as a Climate Change Mitigation Tool

Legal empowerment can give poor people and communities the legal tools to proactively protect themselves from the effects of climate change, such as droughts, deforestation, desertification, sea-level rise and flooding. At the same time, legal empowerment can give poor people access to new climate financing opportunities such as carbon markets. Secure land rights, for example, will be critical to ensuring that poor farming communities can attract carbon financing to rehabilitate forests, grasslands and agricultural land. Land rights for the poor and equitable access to land would produce a triple dividend by improving livelihood security, stimulating economic development, and reducing concentrations of greenhouse gases. Legal empowerment of the poor could therefore contribute to sustainable poverty reduction and climate resilient development.

Source: UN 2009b



UN Photo/Tim McKulka

## CHAPTER TWO

# THE DEVELOPMENT POLICY ENVIRONMENT AND MDG ACHIEVEMENTS

Economic Growth, Inequality  
and Poverty Reduction

Broad-based and Inclusive Growth  
for Accelerated MDG Achievement

Reducing Hunger and Food Insecurity

Sustaining Poverty Reduction  
Achievements: Employment Creation  
and Inclusive Growth



*How a country articulates its development priorities, how it reflects these priorities in policies and programmes, and how it leverages its opportunities in the global system are fundamental in charting and shaping MDG progress at the national level.*



*Countries with more 'egalitarian growth' experienced higher rates of economic growth and poverty reduction on average compared to other countries – indicating that broadly spread growth, where the poor are included in the benefits and opportunities of the growth process, is a key factor in achieving accelerated development outcomes.*

The policy environment within which MDG progress is shaped is largely determined by domestic circumstances. Indeed, the considerable variation in progress towards MDG achievements across countries, even within the same region, can be accounted for in large part by differences in national policy choices and conditions. Further, in an increasingly interdependent world, the policy space within which domestic policies are negotiated and determined are themselves circumscribed by and subject to developments in the system of global trade and finance. Clearly then, the specificity of countries in terms of their particular constraints and opportunities should be recognized, as must the understanding that there can be no one set of policy prescriptions that will fit all countries in their effort to accelerate progress towards MDG achievements. Further, policy coherence at the international level itself will need to be drastically improved if such progress is to be enabled and sustained.

## ECONOMIC GROWTH, INEQUALITY AND POVERTY REDUCTION

By now, it is widely acknowledged that both economic growth and inequality play a major role in generating changes in poverty. Indeed, there is little

controversy that growth is essential for poverty reduction (assuming that the distribution of income remains more or less constant) and much evidence points in this direction (Deininger-Squire 1996, Revallion 2002). Likewise, much evidence suggests that a worsening of inequality tends to increase poverty (Bourguignon 2004). For these reasons, “although poverty reduction is closely correlated to growth in per capita income, this effect appears low in countries where income inequality has been rising<sup>12</sup>”. Increasingly, it is being recognized that distribution matters for poverty reduction and over the medium term, distributional changes may be responsible for sizeable changes in poverty. Thus, it is important to consider both growth and income distribution simultaneously when looking at the impact on poverty reduction.

However, are growth and distribution independent of each other or strongly inter-related? Is it the case that faster growth in a country reduces or increases inequality? Or is it the case that too much inequality in a given country acts to slow or accelerate growth?

Empirical verifications (using cross-sectional data) on the distributional impact of growth indicate that there is too much country specificity in the way that growth affects distribution for any generalization to be possible. Country studies<sup>13</sup> though have been less ambiguous in showing that distributional changes have very much to do with the pace and

12 Jantii & Sandstrom 2005; J. Humberto Lopez 2006

13 Ferreira & de Barros 1998, Bourguignon 2004

**Table 2.1: Growth, Poverty and Inequality 1995-2007**

Country	Average Annual GDP Growth 1995-2007 <sup>14</sup>	Household Consumption Growth 1995-2007 <sup>15</sup>	Poverty Rate (late 90s) <sup>16</sup>	Poverty Rate (mid 00s) <sup>16</sup>	% Poverty Reduction (late 90s to mid 00s) <sup>16</sup>	Gini (mid 90s) <sup>17</sup>	Gini (mid 00s) <sup>17</sup>	% change Gini
Albania	5.9%	5.7%	25%	19%	27%	0.282	0.330	17%
Armenia	9.2%	7.4%	50%	25%	50%	0.440	0.338	- 23%
Bahrain	5.1% <sup>18</sup>	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Bangladesh	5.4%	3.5%	51%	40%	22%	0.318	0.318	0%
Botswana	6.3%	4.0%	47%	30%	36%	0.610	N/A	N/A
Cambodia	8.5%	7.2%	36%	35%	3%	0.380	0.417	10%
Colombia	3.5%	2.8%	60%	46%	23%	0.576	0.586	2%
El Salvador	3.2%	3.8%	51%	37%	27%	0.500	0.500	0%
Ethiopia	6.5%	7.1%	46%	38%	15%	0.400	0.300	- 25%
Ghana	4.8%	4.2%	40%	28%	30%	0.410	0.430	4.9%
India	6.9%	5.6%	36%	28%	22%	N/A	0.368	N/A
Indonesia	3.8%	4.6%	15%	15%	0%	N/A	0.390	N/A
Iraq	6.5% <sup>19</sup>	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Kyrgyzstan	4.1%	6.2%	25%	7%	72%	0.540	0.330	- 39%
Lao PDR	6.5%	2.7%	39%	33%	15%	0.350	0.330	- 6%
Malawi	4.5%	6.7%	54%	40%	26%	0.503	0.390	- 22%
Mongolia	5.5%	N/A	36%	35%	1%	0.330	0.330	0%
Morocco	3.8%	2.8%	15%	9%	40%	0.395	0.410	4%
Mozambique	7.6%	6.3%	69%	54%	22%	0.440	0.473	8%
Nepal	3.8%	N/A	42%	31%	26%	0.380	0.472	24%
Senegal	4.4%	4.1%	57%	51%	11%	0.413	0.390	- 6%
Sierra Leone	4.5%	N/A	70%	66%	6%	0.629	0.430	- 32%
Syria	3.9%	4.9%	14%	12%	7%	N/A	N/A	N/A
Tajikistan	4.0%	10.2%	87%	41%	53%	0.320	0.340	6%
Tanzania	5.6%	4.3% <sup>20</sup>	39%	34%	13%	0.340	0.350	3%
Timor-Leste	2.0% <sup>21</sup>	N/A	36%	50%	-38%	N/A	N/A	N/A
Togo	3.6%	3.8% <sup>22</sup>	72% <sup>23</sup>	62%	14%	N/A	0.340	N/A
Vanuatu	2.2%	N/A	40%	16%	60%	N/A	N/A	N/A
Yemen	5.2%	3.2% <sup>24</sup>	65%	60%	8%	0.390	0.380	- 3%
<b>Average</b>	<b>5.0%</b>	<b>5.0%</b>	<b>45%</b>	<b>35%</b>	<b>22%</b>	<b>0.398</b>	<b>0.400</b>	<b>1%</b>

Data source: World Bank, National MDG Reports

14 Data from World Development Indicators, World Bank

15 Data from World Development Indicators, World Bank

16 National poverty line, Data from World Development Indicators. In cases where data for the national poverty line was not available in WDI, data from the National MDG Reports was used. Available data for years closest to 1995 and 2007. Exact years and data sources for each are recorded in Annex 2.1

17 Data from World Development Indicators, World Bank. Exact years are recorded in Annex 2.1

18 1995-2005

19 1998-2004

20 1995-2006

21 2000-2007

22 1995-2005

23 1990

24 1995-2003

structural features of economic growth. These results have two implications: first, that although the channels by which growth affects distribution are valid, the nature of the relationship depends on a country's initial conditions; and second, given the country specificity of this relation, there is room for policy interventions in determining the distributional consequences of growth.

The dominant perspective today is that inequality too plays a central role in determining the rate and pattern of growth and high initial levels of inequality seem to be associated with lower economic growth rates<sup>25</sup> (Alesina & Rodrik 1994, Alesina & Perotti 1996, Birdsall 2007, Rodrik 1998). The evidence appears to support this perspective with cross-sectional studies showing that inegalitarian countries tended to grow more slowly over the last 20-30 years<sup>26</sup>. If this is indeed the case, then the policy implication is that progressive redistribution would enhance growth. In other words, reduce inequality

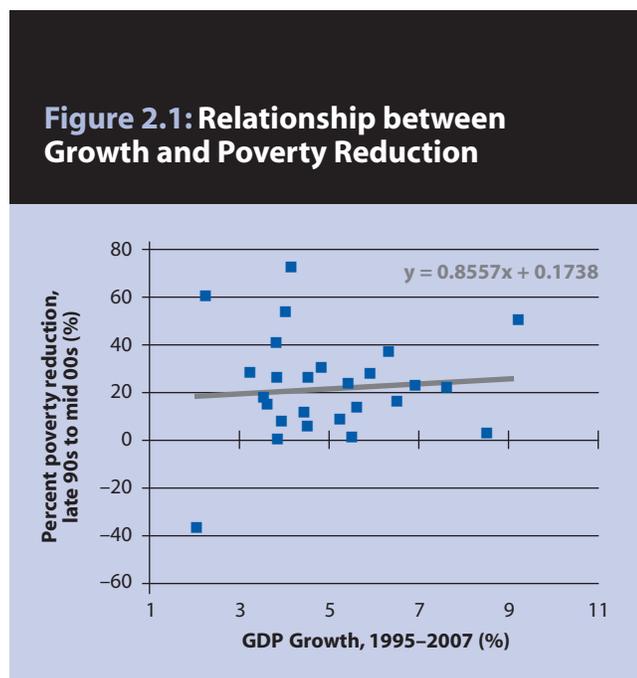
through redistribution or through promoting pro-poor growth for a sustainable poverty reduction strategy. It is important to note though, that in this context, it has been pointed out that it is the redistribution of wealth, not of income, that may produce this favorable effect on economic efficiency and growth.

So, a more equal distribution of assets matters. It reduces poverty not only indirectly by accelerating economic growth but also directly by enhancing income growth of the poorest groups. The long-standing inattention to the distribution of assets, both in terms of physical and human capital, has been costly as it would have earlier called attention to a fundamental constraint on poverty reduction: the lack of access by the poor to the assets necessary for increased productivity and income (Birdsall 1997). Additionally, it is not only the lack of access to assets that hold the poor back: equally important is the fact that the poor's assets tend to be insecure, unprotected and less productive than they could be.

In summary, it is important to consider both growth and income (wealth) distribution simultaneously and to recognize that distribution matters as much as growth for poverty reduction. However, the impact of these phenomena depends on the initial level of income and inequality and the relative effects of both phenomena may differ quite significantly across countries. Thus, optimal growth-distribution strategies aiming at poverty reduction in a given time period should differ depending on initial conditions. For instance, it may be that "changing the distribution is probably more important for middle-income and inegalitarian countries, while growth is probably more important, in relative terms, for low-income and egalitarian countries" (Bourguignon 2004).

Evidence from the 30 country assessments (Table 2.1) indicates a highly variable relationship between economic growth and poverty reduction (Figure 2.1).

Some countries, despite low growth rates, appeared to have lowered the poverty incidence significantly (Vanuatu, El Salvador) whereas in others (Timor-Leste), poverty increased significantly.



25 Alesina & Rodrik (2004) were the first to point out that initial inequality seemed to be empirically associated with lower growth rates. The literature has proposed several hypotheses which could explain why progressive redistribution may be growth-enhancing: for instance, redistributing capital from capital rich enterprises or individuals to capital poor or credit constrained people increases efficiency, investment and growth; too much inequality may lead to social tensions which in turn adversely impact growth (Rodrik 1998).

26 It has been noted that these results depend very much on the sample and quality of data being used (Bourguignon 2004).

Clearly, country specific conditions explain some of these results: El Salvador emerged from conflict whereas Timor-Leste descended into civil war.

On the other end, high growth countries like Mozambique and Armenia significantly lowered the poverty incidence whereas Cambodia, despite high growth, saw negligible reduction in poverty. Many other countries with moderate rates of growth showed minimal reduction in poverty (Indonesia, Mongolia, Yemen).

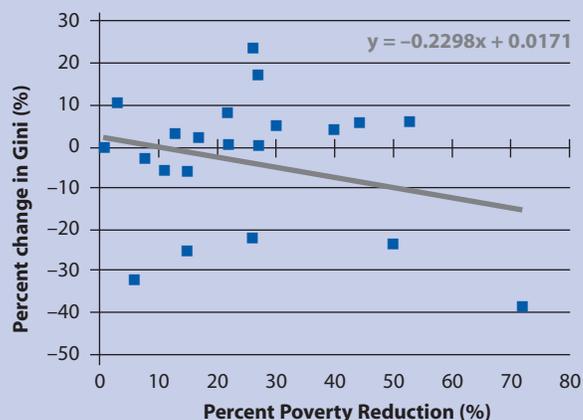
However, there is a correlation between changes in inequality and poverty reduction for the 30 country sample. Figure 2.2 plots the relationship between the change in inequality over the decade and poverty reduction; countries that have improved their levels of inequality over the period experienced higher rates of poverty reduction than countries whose level of inequality worsened over the period.

With respect to the relationship between inequality and growth, data for the 30 country sample supports the negative relationship between inequality and growth. Figure 2.3 shows the relationship between the initial level of inequality (1990s) and economic growth for countries in the sample. Low initial levels of inequality (high Gini coefficient) are correlated with higher rates of economic growth in the subsequent decade.

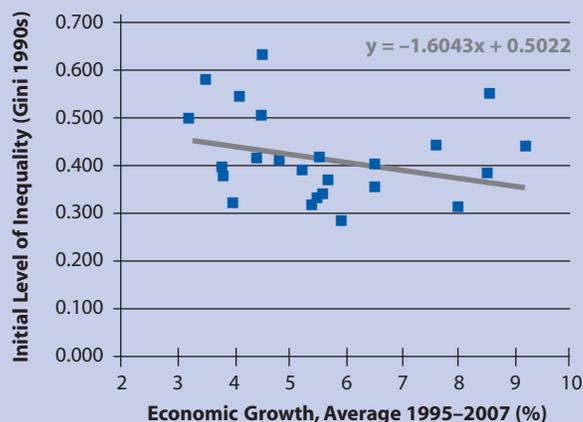
Over the past decade, sampled countries with low and falling levels of inequality (Table 2.2)<sup>27</sup> experienced, on average, higher rates of economic growth and poverty reduction than the full sample<sup>28</sup>; this has put them on track as a group to achieve MDG-1 with an average of 30.6 percent poverty reduction over the last decade. The mean household consumption growth rate for these countries of 6.9 percent was much higher than the 5 percent of the full sample, indicating that a greater share of economic growth was passed on to the poor in these countries, helping them to increase their consumption of essential goods and services.

Countries in the sample with high and increasing levels of inequality (Table 2.3)<sup>29</sup> experienced an

**Figure 2.2: Improvements in Inequality Lead to Higher Rates of Poverty Reduction**



**Figure 2.3: Initial Level of Inequality and Growth**



Data source: World Bank

27 Countries with low initial inequality (< 0.340) with no significant change in Gini (< 8% Δ) and countries where inequality fell sharply during the period (> 20%)

28 5.5% vs. 5.0% average growth from 1995-2007; 30.6 percent vs. 22 percent poverty reduction over the last decade

29 Countries with high initial inequality (>0.410) with no significant change in Gini (≤ 8% Δ) and countries where inequality rose sharply during the period (>20%)

**Table 2.2: Countries with low and falling inequality<sup>30</sup>**

Country	GDP Growth 1995-2007	Household Consumption Growth 1995-2007	Poverty Rate (late 90s)	Poverty Rate (mid 00s)	% Poverty Reduction (late 90s to mid 00s)	Gini (mid 90s)	Gini (mid 00s)	% change Gini
Bangladesh	5.4%	3.5%	51%	40%	22%	0.318	0.318	0%
Mongolia	5.5%	N/A	36%	35%	1%	0.330	0.330	0%
Tajikistan	4.0%	10.2%	87%	41%	53%	0.320	0.340	6%
Armenia	9.2%	7.4%	50%	25%	50%	0.440	0.338	- 23%
Ethiopia	6.5%	7.1%	46%	38%	15%	0.400	0.300	- 25%
Kyrgyzstan	4.1%	6.2%	25%	7%	72%	0.540	0.330	- 39%
Malawi	4.5%	6.7%	54%	40%	26%	0.503	0.390	- 22%
Sierra Leone	4.5%	N/A	70%	66%	6%	0.629	0.430	- 32%
<b>Average</b>	<b>5.5%</b>	<b>6.9%</b>			<b>30.6%</b>			

Data source: World Bank, National MDG Reports

**Table 2.3: Countries with high and increasing inequality<sup>31</sup>**

Country	GDP Growth 1995-2007	Household Consumption Growth 1995-2007	Poverty Rate (late 90s)	Poverty Rate (mid 00s)	% Poverty Reduction (late 90s to mid 00s)	Gini (mid 90s)	Gini (mid 00s)	% change Gini
Nepal	3.8%	N/A	42%	31%	26%	0.380	0.472	24%
El Salvador	3.2%	3.8%	51%	37%	27%	0.500	0.500	0%
Colombia	3.5%	2.8%	60%	46%	23%	0.576	0.586	2%
Mozambique	7.6%	6.3%	69%	54%	22%	0.440	0.473	8%
Senegal	4.4%	4.1%	57%	51%	11%	0.413	0.390	- 6%
<b>Average</b>	<b>4.5%</b>	<b>4.25%</b>			<b>21.8%</b>			

Data source: World Bank, National MDG Reports

30 Countries with low initial inequality (< 0.340) with no significant change in Gini (< 8% Δ) and countries where inequality fell sharply during the period (> 20%)

31 Countries with high initial inequality (>0.410) with no significant change in Gini (≤ 8% Δ) and countries where inequality rose sharply during the period (>20%)

**Table 2.4: Poverty and Inequality in Least Developed Countries**

Country	GDP Growth 1995-2007	Household Consumption Growth 1995-2007	Poverty Rate (late 90s)	Poverty Rate (mid 00s)	% Poverty Reduction (late 90s to mid 00s)	Gini (mid 90s)	Gini (mid 00s)	% change Gini
Bangladesh	5.4%	3.5%	51%	40%	22%	0.318	0.318	0%
Cambodia	8.5%	7.2%	36%	35%	3%	0.380	0.417	10%
Ethiopia	6.5%	7.1%	46%	39%	15%	0.400	0.300	- 25%
Lao PDR	6.5%	2.7%	39%	33%	15%	0.350	0.330	- 6%
Malawi	4.5%	6.7%	54%	40%	26%	0.503	0.390	- 22%
Mozambique	7.6%	6.3%	69%	54%	22%	0.440	0.473	8%
Nepal	3.8%	N/A	42%	31%	26%	0.380	0.472	24%
Senegal	4.4%	4.1%	57%	51%	11%	0.413	0.390	- 6%
Sierra Leone	4.5%	N/A	70%	66%	6%	0.629	0.430	- 32%
Timor-Leste	2.0%	N/A	36%	50%	-39%	N/A	N/A	N/A
Togo	3.6%	3.8% <sup>32</sup>	72% <sup>^</sup>	62%	14%	N/A	N/A	N/A
Vanuatu	2.2%	N/A	40%	16%	60%	N/A	N/A	N/A
Yemen	5.2%	3.2% <sup>33</sup>	65%	60%	8%	0.390	0.380	- 3%
<b>Average</b>	<b>5.0%</b>	<b>5.0%</b>	<b>52% (53%)</b>	<b>44% (45%)</b>	<b>15% (15%)</b>	<b>0.420</b>	<b>0.390</b>	<b>- 3%</b>

(Figures in parenthesis do not include Timor-Leste, Togo and Vanuatu, which do not have published Gini coefficients.)  
Data source: World Bank, National MDG Reports

average growth rate of 4.5 percent (Table 2.3), much lower than that of the countries with low and falling levels of inequality. In addition, they also experienced a lower average rate of poverty reduction – 21.8 percent – which is low enough to throw them collectively off track for MDG-1 achievement. These countries had a much lower growth rate in household consumption (4.25 percent), indicating that the poor did not benefit from growth in this group of countries as much as those with lower and falling inequality.

Importantly, two groups of developing countries appeared to have fared particularly poorly in the growth/inequality/poverty nexus: the LDCs whose economies rely on agricultural commodities and the

fuel exporting developing countries. “The chronic poverty found in countries entrenched in long-term growth failure appears to be highest in the LDCs, especially those that depend on primary commodity exports for their development” (Gore 2002).

There are 13 LDCs in the sample that are economically dependent on agricultural commodities (Table 2.4). This group of countries had a high level of inequality (0.420 average Gini coefficient in the mid 1990s), which has improved only slightly over the past decade. The average rate of poverty reduction of these countries during the last decade (15 percent) was profoundly inadequate for MDG-1 achievement.

The six fuel export dependent countries in the

32 1995-2005

33 1995-2003

sample<sup>34</sup> experienced lower than average growth rates, as well as significantly lower poverty reduction and household consumption growth (Table 2.5). This group as a whole remains off track for meeting MDG-1, with an average rate poverty reduction rate of only 11 percent over the past decade. Inequality is very high for this group, with an average Gini coefficient of 0.483 for the countries with available data.

Oil is the single largest source of government revenue for Iraq (90 percent), Yemen (70-75 percent) and Bahrain (60 percent) and an important source of revenue for Syria (20 percent), Colombia and Indonesia. These countries benefited from high oil prices between 2005 and 2008<sup>35</sup>. For example, Colombia's economy grew by a robust 7.1 percent from 2005-2007, largely a benefit from high oil prices. The growth rate during this period was significantly higher than the 2.9 percent growth it experienced between 1995 and 2004.

Each of these countries, however, faced sharply

declining oil exports starting from the early 21st century, largely due to increasing domestic demand and falling production (Table 2.6). The reserves of Yemen and Bahrain face complete depletion within the next decade, while Colombia, Indonesia and Syria face continued sharply declining reserves. Unless these economies diversify and are able to generate significant revenues from other sources, they will face a balance of payments crisis in the coming years, even if oil prices rise to more recent levels. The expected impact on MDG-related public expenditures would be devastating.

Minerals account for more than 40 percent of exports for eight countries in the 30 country sample (Table 2.7). One would expect that economies highly dependent on the mining sector, which is largely capital intensive and does not provide much employment relative to its contribution to GDP, would not have experienced much poverty reduction. For example, mining accounts for nearly 40 percent of GDP in Botswana, but provides only 13,000 jobs,

**Table 2.5: Poverty and Inequality in Fuel Exporting Countries**

Country	GDP Growth 1995-2007	Household Consumption Growth 1995-2007	Poverty Rate (late 90s)	Poverty Rate (mid 00s)	% Poverty Reduction (late 90s to mid 00s)	Gini (mid 90s)	Gini (mid 00s)	% change Gini
Bahrain	5.1% <sup>36</sup>	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Colombia	3.5%	2.8%	60%	46%	23%	0.576	0.586	2%
Indonesia	3.8%	4.6%	15%	15%	0%	N/A	0.390	N/A
Iraq <sup>37</sup>	6.5%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Syria	3.9%	4.9%	14%	12%	7%	N/A	N/A	N/A
Yemen	5.2%	3.2%	65%	60%	8%	0.390	0.380	- 3%
<b>Average</b>	<b>4.7%</b>	<b>3.9%</b>	<b>39%</b>	<b>3%</b>	<b>9.5%</b>	<b>0.483</b>	<b>0.483*</b>	<b>0%</b>

\*Does not include Indonesia, which does not have comparable data for the mid 1990s  
Data source: World Bank, National MDG Reports

34 Not including Timor-Leste, which started exporting oil only in 2007

35 Although Indonesia became a net importer of oil in 2004, oil exports still contributes to government revenues

36 1995-2005

37 1998-2004

**Table 2.6: Percent Change in Oil Exports, Production and Domestic Consumption**

Country	% Change in Oil Exports 1999-2008	% Change in Oil Production 1999-2008	% Change in Domestic Consumption 1999-2008
Bahrain	-61%	-2%	+70%
Colombia	-44%	-28%	+5%
Indonesia	-118%	-33%	+20%
Iraq <sup>38</sup>	-15%	-5%	+41%
Syria	-36%	-20%	+0.4%
Yemen	-53%	-26%	+67%
<b>Average</b>	<b>-55%</b>	<b>-19%</b>	<b>+34%</b>

Source: Energy Information Administration

**Table 2.7: Poverty and Inequality in Mineral and Iron Ore Export Dependent Economies**

Country	GDP Growth 1995-2007	Household Consumption Growth 1995-2007	Poverty Rate (late 90s)	Poverty Rate (mid 00s)	% Poverty Reduction (late 90s to mid 00s)	Gini (mid 90s)	Gini (mid 00s)	% change Gini
Botswana	6.3%	4.0%	47%	30%	36%	0.610	N/A	N/A
Ghana	4.8%	4.2%	40%	28%	30%	0.410	0.430	4.9%
Kyrgyzstan	4.1%	6.2%	25%	7%	72%	0.540	0.330	- 39%
Lao PDR	6.5%	2.7%	39%	33%	15%	0.350	0.330	- 6%
Mongolia	5.5%	N/A	36%	35%	1%	0.330	0.330	0%
Sierra Leone	4.5%	N/A	70%	66%	6%	0.629	0.430	- 32%
Tajikistan	4.0%	10.2%	87%	41%	53%	0.320	0.340	6%
Tanzania	5.6%	4.3% <sup>39</sup>	39%	34%	13%	0.340	0.350	3%
<b>Average</b>	<b>5.2%</b>	<b>5.3%</b>	<b>48%</b>	<b>34%</b>	<b>29%</b>	<b>0.441 (0.417)*</b>	<b>0.363</b>	<b>- 13%</b>

\*Not including Botswana, which lacks data for the full time period  
Data source: World Bank, National MDG Reports

38 1998-2004

39 1995-2006

*Targeted pro-poor policies and programmes in some countries enabled the poor to benefit from economic growth, leading to accelerated poverty reduction and improved MDG indicators.*

equivalent to just 4.5 percent of the labor force. Yet, significantly, three countries in this group – Botswana, Ghana and Tajikistan – sustained rates of poverty reduction equal to or greater than 30 percent over the past decade. The reason: in addition to robust growth rates that benefited from high

commodity prices since 2000, many of these countries implemented a series of pro-poor policies that enabled the poor to benefit from more broad-based economic growth (see Box 2.1 on Botswana). For instance, Ghana implemented a number of programmes aimed at accelerating MDG progress,

### **Box 2.1: Government Role in Promoting Inclusive Growth in Botswana**

Botswana was lucky enough to have diamonds. But valuable natural resources in other developing countries have not always translated into broad-based economic progress and poverty reduction. There must be a wider strategy that focuses on developing productive capacities and diversifying economic activities.

A landlocked country with a population of 1.8 million, Botswana saw its GDP grow by an average of 6.1 percent a year from 1996 to 2006. The diamond trade generated \$3.7 billion in income in 2006 alone. Botswana now also exports copper and nickel, which accounts for 17 percent of exports, textiles (7 percent) and meat products (2.5 percent). Diversification efforts focus on the export of leather, glass and jewelry products, however mining still dominates the economy and represented 86 percent of exports and 39 percent of GDP in 2006.

The Government has focused on the effective management of the exceptional profits from its diamond mines, and has carefully channeled some of the money into efforts to spur domestic businesses outside the mining sector. It has also rapidly increased spending for social areas such as education and health-care – which together account for one-third of all government expenditures – and on such basic infrastructure as roads, energy, water systems and telecommunications. A labor-intensive employment programme helped to reduce unemployment, and an arable land programme helped to raise the incomes of resource-poor farmers. The Financial Assistance Policy, established in 1982, offered grants to local firms, particularly labor-intensive companies, many of them small and medium enterprises (SMEs).

Botswana's government also established a comprehensive safety net programme for poor and vulnerable households, including supplementary feeding programmes for school children and vulnerable groups, delivery of food packages to the destitute, assistance to the terminally ill through home-based care, and the provision of food, clothing and education to children who have lost one or both of their parents. A universal and non-contributory old age pension programme was also established. One-third of all households are estimated to have benefitted from one or more of these programmes.

Source: UNCTAD XII 2008.

including instituting a national health insurance scheme in 2004 and introducing capitation grants for primary schools. These initiatives, among others, have enabled Ghana to make rapid progress on primary school enrolment and to realize dramatic improvements in the under-five mortality rate, among other MDG indicators.

Mongolia, on the other hand, has yet to implement the decentralization agenda, leaving local governments with limited or no resources to invest in their development priorities, such as improving access to potable water, sanitation and health care and education services. The Mongolian economy also remains highly undiversified, making it vulnerable to commodity price shocks. These factors contributed to Mongolia's meager one percent reduction in poverty over the last decade.

Clearly then, evidence from the sample confirms the trends observed. Growth by itself is not sufficient to reduce poverty. Countries that had the most success with poverty reduction were those where income inequality fell and national growth remained robust, or where growth occurred in sectors where the poor were concentrated. In other words, poverty reduction was most successful where economic growth was broadly distributed and where the poor were included in the benefits and opportunities provided by the growth process. Targeted pro-poor policies and programmes in some countries enabled the poor to benefit from economic growth, leading to accelerated poverty reduction and improved MDG indicators.

## BROAD-BASED AND INCLUSIVE GROWTH FOR ACCELERATED MDG ACHIEVEMENT

Several of the country assessments point to the importance of national policies in promoting and fostering broad-based, shared growth and their impact on poverty. Without concerted domestic efforts and the right policies, high growth need not trickle down to the poor at all. In some countries, high growth resulted in no consequential reduction in poverty. This was especially true in the case of resource-rich LDCs such as Cambodia, Yemen,

Mongolia and Sierra Leone, which exemplified the "resource curse" syndrome. One country assessment noted that, "Sierra Leone failed to capitalize on the commodity boom of the last few years...unlike many other commodity exporters, the country did not build up reserves".

Many of the country assessments also noted that governments were cognizant of the fact that growth, in many instances, had by-passed the poor and vulnerable groups in the population: that widening disparities and inequalities had led to development gains being concentrated in certain regions of the country whereas regions where the poor lived and worked were being left behind. It is also for this reason that several countries focused their efforts for MDG achievements at the sub-national level: specifically in regions and areas with high concentrations of poor and vulnerable households. Regional development strategies and area-based development programmes for MDG achievements are currently being implemented in several countries including in Albania, Colombia and Indonesia.

Colombia's Millennium Municipalities Strategy is being implemented in 71 of the most vulnerable municipalities in the country, where the total population includes nearly one million people. Each municipality where the strategy is being applied falls below national and departmental averages for most social indicators related to the MDGs. The initiative aims to combat the pervasive inequality that exists not only between regions of the country, but also within the *Departamentos*. Inequalities are so deep that many rural municipalities have comparable social indicators to Sub-Saharan African countries while urban areas generally present highly favorable social indicators.

The poorest municipalities of the five selected *Departamentos* are being targeted by the "Millennium Municipalities", and they receive priority consideration for national public policies and international cooperation aimed at MDG achievement. A package of basic strategic actions is also implemented in each of the selected municipalities including:

- A nutrition programme for breastfeeding mothers;
- Projects for income generation with emphasis on youth and women;

*Several countries focused their efforts for MDG achievements at the sub-national level: specifically in regions and areas with high concentrations of poor and vulnerable households.*

### **Box 2.2: Albania's Regional Development Strategy**

Kukes, the poorest region in Albania, launched the Kukes MDG Regional Development Strategy in 2004. The strategy, a long-term regional development framework, consists of three parts: (i) the process of formulating a strategy that emphasizes consultation and participation; (ii) an analysis of regional trends and development opportunities; and (iii) the strategy itself, specifying regional projects, programmes, goals, targets, indicators and resources needed for success.

The strategy's main objective is to help secure sustainable livelihoods for the citizens of the Kukes region by creating employment opportunities in the reconstruction and rehabilitation of small community infrastructure. Priority projects have included the reconstruction of rural roads, electricity infrastructure, water supply and irrigation systems, community health centers, education facilities, sanitation and sewerage systems and marketing facilities for small trade.

This large scale effort has resulted in a number of outputs that have contributed to local MDG achievement, including: the construction of 16 roads and 13 irrigation canals; the installation of 7.2 km of electric systems and 6 bridges; and the construction of 8 new schools and rehabilitation of 17 others. Health centers, water supply infrastructure and sewerage systems have also been built.

- Programmes for adult literacy;
- Universal immunization for children under five years of age; and
- Nutritional complements for children under five, among others.

Accelerating progress towards income poverty reduction is a special challenge for those countries with both low growth and high and growing levels of income inequality. Low growth also affects government revenues, which limits the resources available to finance public services in MDG sectors, including health and education. It is for these reasons that many have argued that for these countries, "the focus on problems arising from low-growth performance is fully justified" (Bourguignon 2009).

To sum up, domestic policies are of critical importance, both to accelerate progress towards the MDGs and also to take advantage of opportunities offered by the global economy. Without the right domestic policies and effective focus on promoting broad-based, inclusive growth, even the most encouraging global environment would yield little progress.

## REDUCING HUNGER AND FOOD INSECURITY

Trends in the proportion of people suffering from hunger globally indicate that after an initial decline in hunger prevalence from 20 percent in 1990/92 to a little over 16 percent in 2003/05, hunger rates began to climb, and reached 17 percent in 2005/07. In just five years, 75 million people were added to the total number of undernourished between 2003 and 2007 (FAO 2008).

In aggregate, there were 923 million undernourished people in the world in 2007 – an increase of 80 million people since 1990/92. Half of the hungry are from farming families surviving on marginal lands, one in five are landless labourers and a quarter are from shanty towns that surround big cities in developing countries. The highest incidence of undernourishment is in the Caribbean followed by Sub-Saharan Africa, while the highest number resides in South Asia. According to the International Food Policy Research Institute's latest Global Hunger Index, 29 countries are suffering from alarming or extremely alarming levels of hunger (IFPRI 2009).

Rather than making rapid progress towards achieving the target of reducing hunger<sup>40</sup>, we are moving increasingly towards a world with more hunger and food insecurity.

Those who are most dependent on agriculture for their livelihoods are also most vulnerable to the degradations and indignity of being deprived of food. Agriculture accounts for a smaller and declining proportion of most countries' GDP. Yet, the share of the labour force dependent on agriculture is large in many developing countries. In Sub Saharan Africa, agriculture accounts for 34 percent of GDP on average, however 64 percent of the labour force is linked to this sector (WDR 2008). With hunger concentrated among the rural poor in many developing countries, growth in the agriculture sector will be essential for both reducing hunger prevalence and promoting broad-based, shared growth.

Improvements in conditions in rural areas have been noted to have positive effects on poverty reduction. Based on data from 80 countries for the 1980-2001 period, it was found that growth in agriculture was 2.7 times more effective in reducing the incidence of extreme poverty in the poorest countries (Christiansen and Demery 2007).

Agricultural growth depends critically on investments in rural infrastructure (irrigation, roads, transport, power and telecommunications) as well as on investments in markets, rural finance, and research and extension services. Yet, growth in the agriculture sector has been slow. Although improvements in agricultural productivity have been closely linked to investments in research and development, increases in public research in developing countries, especially in Sub-Saharan Africa, have declined sharply in the last decade (World Development Report 2008).

Further, discriminatory macroeconomic and trade policies and declining ODA to the agriculture sector have aggravated the situation. New challenges for the sector include adverse impacts of climate change, rapidly depleting natural resources such as land and water, slower yield growths, competition for resources from bio-fuels and increased consumption of animal products (IAASTD 2008).

Macroeconomic and trade policies – and more recently bio-fuel policies – have impacted food security in many developing countries. Macroeconomic variables impacting food prices include exchange, interest and wage rates. Exchange rates determine both the food prices that producers will get when they export their produce and the prices of imported food with which they have to compete. There is no single policy prescription for countries, and determining the right balance in exchange rates for producers and consumers would need to be considered on a country-by-country basis.

Prevailing interest rates impact the affordability of credit for farmers and for others involved in agriculture. They also affect the amount of investments made in a country's economy. Wage rates impact farmers who hire others to work in their fields

40 Monitoring the MDG on hunger is complicated by the fact that two different indicators are used to monitor progress on this target. Both indicators indicate very different regional prevalence rates of hunger. The FAO indicator on undernourishment measures the share of the population that is suffering from insufficient availability of calories. The share of the population that is undernourished appears to be highest in the Caribbean, followed by Sub-Saharan Africa and South Asia. When the indicator of "childhood under-nutrition" is used South Asia has far higher rates, followed by Sub-Saharan Africa and the Caribbean (Bourguignon 2008).

*With hunger concentrated among the rural poor in many developing countries, growth in the agriculture sector will be essential for both reducing hunger prevalence and promoting broad-based, shared growth.*

and also the incomes of landless labourers. All of these rates have direct impacts on the ability to secure the right to food by different groups, and the interests of all these groups need to be adequately considered when determining policies.

Indeed, many of the country assessments, across all regions, noted that food insecurity is a critical domestic policy issue that is linked to the need for broad-based growth. According to the Tajikistan Living Standard Survey, “24 percent of the population experienced inadequate food consumption in 2007. The poorest 20 percent of the population consume less than 2100 Kcal per day, whereas those in the lowest consumption decile consume only 1500 Kcal per day. Even among non-poor households, 20 percent can [only] afford less than three meals a day. Among the extreme poor, the share of households with food insufficiency increases from 45 percent in the autumn to 75 percent during late winter”.

The Joint Food Security Assessment conducted in Tajikistan by the Food and Agriculture Organization of the United Nations (FAO), the World Food Programme (WFP) and the United Nations Children’s Fund (UNICEF) in 2008 concluded that some 2.2 million Tajikistanis were experiencing food insecurity, and that 800,000 of them were found to be severely food insecure and in need of immediate assistance. The 30 percent increase in food prices in 2008 was a major factor in the high incidence of food insecurity during that year.

An over-dependence on oil exports for foreign exchange income, coupled with low productivity in agriculture, has exacerbated food insecurity in Timor-Leste, affecting approximately 40 percent of the population. The assessment for Timor-Leste

states: “The [agriculture] sector is trapped in a low-productivity, subsistence state. Since 80 percent of the population earns its living on agricultural activities, diversifying into [more productive] agricultural activities from petroleum will help lessen the dependence on imported food and at the same time stimulate supply. Increases in agricultural productivity, through input provision, including seeds, fertilizers and water management technologies are urgently needed. A related issue is lack of legally recognized land tenure systems.”

The assessment for Togo reveals that in terms of indicators on weight insufficiency, all the surveys carried out since 1988 show that the nutritional indices are clearly above the thresholds accepted by the World Health Organization (WHO). In 2006, the underweight prevalence was 26 percent. Further, poverty was strongly correlated to undernourishment since 64.2 percent of the poor population is undernourished. The principal constraint on the alleviation of poverty and hunger in Togo was found to be the poor performance of the agricultural sector, especially since 1993. Agriculture contributes up to 40 percent of GDP but low productivity and massive under investment in the sector accounted for very low growth rates in agriculture and also in the economy. “Growth has not been strong enough to bring about an increase in household incomes, to enable them to compensate for price increases. As a result, per capita GDP fell by 1.4 percent in 2007 and by 0.8 percent in 2008, further exacerbating the economic situation of households” (Togo assessment).

Policies to combat hunger and food insecurity must focus on supporting small-scale farmers by increasing investments targeted towards small-holder

requirements, easing access to credit for small-scale farmers, supporting land and asset redistribution and eliminating biases towards women farmers. Legal empowerment mechanisms to increase security of land tenure and access to land for the landless should be promoted: in Brazil, land reform has been successful in increasing beneficiary income five-fold; in Vietnam and China, consequent to the land reform programme, both countries experienced rapid agricultural growth and reductions in hunger, food insecurity and poverty.

Given the key role of women in agriculture, prevailing legal and social biases against women's participation in agriculture need to be removed. This can be done in part by adopting land ownership laws that allow women's ownership of land, removing discrimination against women in legislation – related to such areas as inheritance, contracting, wages and divorce – and by promoting participation of women in local user groups, cooperatives and in other

decision-making bodies. Creating rural institutions such as public agriculture banks, micro-finance groups and financial cooperatives can be important means to expand the financing options for small-scale farmers.

The difference that focused attention on the agricultural sector can make in the context of promoting broad-based growth and reducing rural hunger and poverty rates is highlighted by the country assessment for Ethiopia. The Ethiopian economy is predominantly agricultural. The sector contributes about 50 percent to GDP, generates 90 percent of the country's export earning and employs 85 percent of the population. Reforms in this sector along with increased agricultural investments have contributed to the country's robust economic growth, including dramatic increases in agricultural production and productivity. As a result, the household food security situation is showing an upward trend. From 2003/04 to 2006/07, agriculture, industry and the



UN Photo/Fred Noy

*Policies to combat hunger and food insecurity must focus on supporting small-scale farmers by increasing investments targeted towards small-holder requirements, easing access to credit for small-scale farmers, supporting land and asset redistribution and eliminating biases towards women farmers.*

service sectors registered average annual growth rates of 12.7 percent, 10.6 percent and 11.5 percent respectively. Thus, although the major source of growth in the economy has been agriculture, it has been complemented by strong performance in the manufacturing, construction and service sectors as well – i.e., it has been broad-based.

Significantly, poverty reduction in Ethiopia has been more pronounced in rural areas and the food security situation is improving. Some of the initiatives to promote agricultural growth and food security in the country include: a menu-based extension programme to support commercialization of smallholder agriculture; expansion of cooperatives; the Food Security Programme and the Productive Safety Net Programme, which targets chronically food insecure areas and communities and supports them in building assets and livelihoods. The program works to both help bridge the income gap of chronically food insecure households while supporting communities to build productive assets by engaging them in public works programmes. It aims to reach 8.29 million chronically food insecure households in 287 *Waredas* (districts) of the country.

Typically, national policies to mitigate hunger and address the issue of food insecurity appear to have focused less on addressing the need for broad-

based growth and more on introducing social safety nets of different kinds<sup>41</sup>. Countries have adopted a range of safety net programmes to address hunger and other sector needs important for MDG achievement depending on administrative and institutional capacities, access to resources, and the nature and extent of food insecurity, among other factors. Conditional cash transfers, food ration subsidies, food for work or public works programmes, supplementary food programmes, food stamps, vouchers and coupons are some of the most commonly adopted safety net programmes. Annex 2.2 lists the key features of each of these initiatives.

The aim of safety net programmes should be to reach all people suffering from hunger and food insecurity, especially among the most vulnerable groups. It has been argued that the most effective way of addressing this is by adopting a layered approach since a single safety net is unlikely to reach everyone in the intended population due to gaps in coverage and exclusion errors (Lahoti 2009).

One example of this layered approach is when a broad safety net programme, such as a public works employment programme, is accompanied with supplementary feeding programmes directed at children and women or cash transfer programmes directed towards women – since these groups are

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41 The FAO defines social safety nets as cash or in-kind transfer programmes that seek to reduce poverty by redistributing wealth and/or protect households against income shocks. Social safety nets seek to introduce a minimal level of well-being, a minimum level of nutrition, or help households manage risk (FAO 2003).

### **Box 2.3: Jamaica's Conditional Cash Transfer Programme: The Programme for Advancement through Health and Education (PATH)**

Jamaica's PATH programme was created in 2001 to replace three former social assistance programs, which were fragmented and costly to operate and did not have the desired outreach and impact. As a nationwide conditional cash transfer programme, PATH provides grants to poor and vulnerable families, contingent on school and health clinic attendance. The income effect of these additional funds helps families to secure more adequate caloric intake.

The health grant is contingent on participants making the minimum number of prescribed preventative visits to health care clinics by children less than six years of age, the elderly and disabled living in the household. Infants aged one and under must have one health visit every two months, while the other eligible household members need to make only one visit every six months. The education grant is for children aged 6-17, and is given to those in the programme who attend at least 85 percent of classes each month. The grant equals about \$10 per month for each eligible beneficiary in the household, so if a family has five eligible members it receives approximately \$50 if each member meets the conditions.

A recent impact study done by Mathematica Policy Research Inc. has shown that client satisfaction is high and the poorest quintile is being served by this programme at much higher rates than other welfare programmes in Jamaica. The study also determined that the programme has a significant and positive impact on health clinic usage for preventative reasons, as well as on school attendance. There was a 30 percent increase in the mean number of health clinic visits and a 2.5 percent increase in school attendance. In addition, parents were less likely to cite "household could not provide lunch" as a reason for school absences.

Source: Mathematica 2007

likely to be missed by a broader safety net scheme.

Achieving the MDG target of reduction in hunger prevalence will require that national policy makers adopt macroeconomic and agricultural sector strategies that are consistent with the objectives of achieving food security and that layered social safety-net programmes are adopted with the objective of ensuring food for all. Also important is the need to ensure that political will remains focused on this objective.

The difference that focused policy action and political will can make is illustrated by the case of India. One in two children in India suffers from some form of malnutrition (NFHS 2006). Economic growth, though impressive in the last decade, has not reduced malnutrition. GDP growth averaged 6.5 percent annually between 1998/99 and 2005/06, yet malnutrition among children under five decreased less than seven percent over the entire period. Even with better food security, access to health services, lower poverty and higher per capita income than

Sub-Saharan Africa, India performs far worse in terms of the nutritional status of children. While aggregate levels of malnutrition are shockingly high, the picture is further exacerbated by significant inequalities across states and socio-economic groups – with rural areas, the poorest and scheduled tribes and castes the worst affected.

India's main child development programme – the Integrated Child Development Services programme (ICDS) – started more than 30 years ago and is the world's largest initiative tackling nutrition for women and children. It provides a range of services, including supplementary feeding, immunization, health check-ups and referrals, health and nutrition education to adult women, micronutrient supplementation and preschool education for three to six year olds.

But it has had little or no impact on improving the situation in India. Low priority given for interventions related to improving caring practices, limited reach of ICDS to children under three and

## Box 2.4: Project Zero Hunger in Brazil

Soon after getting elected in 2003, President Lula of Brazil announced eradication of hunger as the Government's highest priority and started project *Fome Zero* (Zero Hunger) to address the needs of the estimated 44 million Brazilians suffering from hunger. Inspired by the MDG to cut hunger by half, and by the World Food Summit in 1996, the initiative aims to reduce hunger, malnutrition and extreme poverty. *Fome Zero* brings together a diverse range of around 30 social initiatives, many in the areas of food security and farming. These include *Bolsa Familia* (Family Allowance), which is the world's largest conditional cash transfer (CCT) programme, integrating four previous CCT's: *Bolsa Escola* for boosting school attendance, *Bolsa Alimentação* for improving maternal nutrition and guarding against child labor, *Cartão Alimentação*, a food entitlement scheme, and *Auxílio Gas*, a cooking gas subsidy. Other initiatives include school feeding programmes, cisterns in semi-arid areas, community kitchens, support for family farming and employment opportunities for the poor.

Spending on *Bolsa Familia* has risen from 1.1 to 2.5 percent of total government expenditure, increasing from 0.2 to 0.5 percent of GDP from 2003 to 2006. *Bolsa Alimentação* provides cash transfers to households in the range of \$6.25 to \$18 per month depending on number of beneficiaries in the household. Pregnant and lactating women and children from six months to seven years of age are eligible for program benefits. The conditions of the programme include: regular attendance for antenatal care and for health and nutrition education sessions for mothers, attendance at facility-based child growth monitoring sessions, and compliance with vaccination schedules for children aged six months to six years (Basett 2008).

The scheme has encountered several problems due to poor targeting, supply side constraints such as lack of health services (MSD 2005), fragmented administration and issues regarding registration of beneficiaries. The Brazilian government has tried to resolve some of these problems by integrating the schemes, standardizing procedures and bringing all the programmes under a single ministry. In its first three years, the number of beneficiaries doubled to 30 million; by the end of 2006 it was projected to reach 44 million people, the entire target population.

There has been no comprehensive evaluation of the programme, and some evaluations of the individual schemes show mixed results. According to a national study on food security, of the 18 million 'food insecure' people, only 5.3 million benefited by income transfer programmes (Hall 2006). This shows that more effort is needed to reach the country's food insecure population.

women, lack of political will, low public awareness about nutrition and public services, and inadequate spending on nutrition and health policies are the main reasons for the poor performance of nutrition policies in India. Several states, however, including Kerala, Tamil Nadu and Himachal Pradesh, have made important progress in reducing malnutrition over the years. Using simple, focused and innovative methods, the Tamil Nadu Integrated Nutrition Programme (TINP) has been able to reduce severe malnutrition by half in the villages where it was implemented (Gragnotati 2005).

This teaches us a few valuable lessons: non-inclusive economic growth on its own does not reduce hunger or food insecurity. Having policies in

place without a concerted effort to evolve them and a lack of political will can only lead to failure. At the same time, success in parts of India demonstrates that focused efforts can reap rewards.

Appropriate domestic policies are only part of the solution when it comes to food security and hunger. The recent global food crisis brought into sharp focus the critical role of international trade policies and food price volatility, both of which can undermine national efforts to promote the objectives of food security and hunger mitigation. Global policies too will need to be congruent if a sustainable solution to this urgent development challenge is to be found. Trade barriers preventing developing country agricultural exports from entering developed

## Box 2.5: Implications of the Food Crisis on Poverty and Hunger

The world experienced a dramatic increase in world commodity prices between 2005 and mid-2008. During the first half of 2008, international nominal prices of all major food commodities reached their highest levels in nearly 50 years, while prices in real terms were the highest in nearly 30 years. The FAO index of nominal food prices doubled between 2002 and 2008. By mid-2008, real food prices were 64 percent higher than their 2002 levels. Even though they have declined since mid-2008, they remain significantly above their 2005 levels.

The increase in food prices had a large adverse impact on poverty and hunger. According to analysis done by FAO, the total import bill for food was estimated at \$812 billion in 2007, 29 percent more than the previous year and the highest level on record. Developing countries as a whole could face an increase of 33 percent in aggregate food import bills, coming on the heels of a 13 percent increase in 2006. Similar increases have occurred for LDCs and Low Income Food Deficit Countries (LIFDCs) (FAO 2008b).

The impact of food price increases on households depends on their position in the market – whether they are net food buyers or net food sellers. Net food buyer households lose out from food price increases while net food sellers gain when considering only the first order effects. The consumption-production pattern of the household and changes in specific commodity prices need to be considered to ascertain the actual impact on a particular household. The majority of analyses conclude that high food prices are bad for the poor because most of the poor households are net food buyers, even in rural areas. (Christiansen and Demery 2006, Seshan and Umali-Deininger 2007; Byerlee, Myers and Jayne 2006; Warr 2005).

Simulations also show that in many countries, first round effects of a price increase could be anti-poor (Hoekman and Olarreaga 2007; Ivanic and Martin 2008). In addition, urban households are impacted more severely compared to rural households as a larger proportion are net food buyers.

According to FAO analysis, the poorest households in both urban and rural areas are the worst affected. In an analysis of seven countries, rural households in only two countries – Pakistan and Vietnam – seem to benefit from the food price increase, but even in these countries the poorest households do not benefit. In its analysis, FAO found that three-fourths of rural households and 97 percent of urban households are net food buyers and are hence adversely impacted due to the food crisis.

Ivanic and Martin (2008) analyzed the impact of increases in international staple prices in nine developing countries. They concluded that price increases occurring between 2005 and 2007 had adverse impacts on the majority of the countries in their sample and resulted in a 4.5 percent increase in national poverty rates. Applying the same increase to all low-income developing countries results in an increase in the number of the poor by 105 million people globally. As the rate of poverty has been reduced by an average of 0.68 percent annually since 1984, this implies a loss of almost seven years in poverty reduction.

Using domestic price data and a bigger sample of countries, Rafael E. De Hoyos and Denis Medvedev (2009) conclude that the price hike has increased the extreme poverty headcount worldwide by 1.7 percent with significant regional variation. In Eastern Europe, Central Asia and Latin America, the poverty headcount remains roughly unchanged, while it increased in East Asia and the Middle East and North Africa by approximately 6 percent and 2.4 percent, respectively. They claim that though prices have decreased for now, the increasing demand for first generation bio-fuels may lead to a further increase in prices and by 2010 will result in poverty increasing by 0.9 percent.

The underlying causes of the food crisis are complex and include factors such as the use of food crops and a shift in agricultural resources to satisfy bio-fuel demand; speculation on commodity futures markets; adverse weather conditions; low food stocks; high energy and fertilizer prices; and export bans on commodities, which are imposed by several big exporting countries in response to food crises to ensure food security for their citizens.

*Better regulation of the financial system is a must, and, as the current global crisis makes evident, strengthened global economic governance is no less important for the MDGs than the creation of new funds for health or education.*

country markets, volatility of commodity prices and restricted financing mechanisms not only inhibit growth, they also aggravate the problem of food insecurity and hunger.

Increased agricultural trade can offer opportunities for the poor. It can open export markets for high-value products that can increase the income for farmers and make them more food secure. But it can also lead to adverse impacts on food security if proper institutions and safeguards are not in place. The small-scale farm sector in the poorest countries has experienced a net loss due to the opening up of agricultural markets. The reasons for this include the large agricultural subsidies in developed countries that depress world prices and lead to the dumping of their products on international markets and to higher tariffs for processed commodities.

Clearly then, policy coherence at the global level is more important than ever. Progress on trade agreements that further open markets in rich countries to products from poor countries is an important condition for growth and food security in developing countries, especially for those reliant on primary agricultural commodities. Better regulation of the financial system is a must, and, as the current global crisis makes evident, strengthened “global economic governance is no less important for the MDGs than the creation of new funds for health or education” (Bourguignon 2008).

## SUSTAINING POVERTY REDUCTION ACHIEVEMENTS: EMPLOYMENT CREATION AND INCLUSIVE GROWTH

Ensuring that the poor are included in the opportunities and benefits provided by the growth process is most meaningfully done when growth raises the incomes of the poor – by absorbing them in employment opportunities and raising their real income.

Recognizing the inextricable links between employment creation and poverty reduction, MDG 1 includes a specific target to “Achieve full and productive employment and decent work for all, including women and young people.” The indicators for monitoring progress of this target include:

- Growth rate of GDP per person employed;
- Employment-to-population ratio;
- Proportion of employed people living below \$1 (PPP) per day; and
- Proportion of own-account and contributing family workers in total employment.

The overwhelming concentration of the poor in agriculture, coupled with slow growth in this sector, has led to depressed wages and incomes for the rural poor in many developing countries. Further, the absence of broad-based growth, even in countries that experienced fairly high rates of growth meant

**Table 2.8: Growth, Poverty Reduction and Unemployment**

Country	Average Annual GDP Growth 1995-2007	% Poverty Reduction (late 90s to mid '00s) <sup>42</sup>	Gini (mid 00s)	Unemployment Rate <sup>43</sup>	Youth Unemployment <sup>43</sup>	Vulnerable Employment <sup>43</sup>
Bangladesh	5.4%	22%	0.334	4%	7%	85%
Botswana	6.3%	36%	0.605	19%	40%	14%
Cambodia	8.5%	3%	0.417	2%	12%	84%
Colombia	3.5%	23%	0.586	11%	15%	43%
El Salvador	3.2%	27%	0.524	7%	12%	36%
Ethiopia	6.5%	15%	0.300	5%	8%	91%
Ghana	4.8%	30%	0.408	10%	16%	N/A
India	6.9%	22%	0.368	5%	10%	N/A
Indonesia	3.8%	0%	0.343	11%	29%	63%
Kyrgyzstan	4.1%	72%	0.303	9%	15%	50%
Mongolia	5.5%	1%	N/A	14%	20%	60%
Morocco	3.8%	40%	0.395	11%	16%	58%
Tanzania	5.6%	13%	0.346	5%	N/A	88%
<b>Average</b>	<b>5.0%</b>	<b>23%</b>	<b>0.400</b>	<b>8.7%</b>	<b>16.7%</b>	<b>61%</b>

Source: WDI Database, World Bank

that high growth could co-exist with relatively high rates of unemployment, with employment creation taking place in vulnerable employment and in the non-formal sector<sup>44</sup>. This is corroborated by data that points out that “in 51 out of 73 countries for which data is available, the share of wages in total income declined over the past two decades even when there was relatively rapid growth. The quality of jobs created has been such that even in a period of progress such as 2007, on average four out of ten workers were poor” (ILO 2008b). The poor quality of employment itself was due to the fact that a significant proportion of jobs created involved underemployment and or were precarious – without benefits

or labour protection of any kind.

The country assessments confirm the trends in the literature. Botswana is an example of a high growth country that experienced high rates of unemployment among both youth and the total labour force. High inequality is evidence of this lack of broad-based growth. In Cambodia, which had an average growth rate of 8.5 percent over the past decade, 84 percent of workers were in vulnerable employment, which may partially explain both the poor rates of poverty reduction and high income inequality. Other countries with high rates of vulnerable employment, including Mongolia, Tanzania, Ethiopia and Indonesia, had negligible or very low

42 National Poverty Line. Where WDI national poverty data was not available, data from the National MDG Reports was used. See Annex 2.1 for details

43 Most recent statistics available

44 Vulnerable employment is defined as own account workers and family workers (ILO 2009)

rates of poverty reduction. Youth unemployment rates were nearly double the rates of general unemployment, on average.

Thus, even prior to the current global economic crisis, unemployment rates and, equally important, the share of workers in vulnerable and informal employment was alarming. In 2007, unemployment rates were highest in North Africa and the Middle East, followed by the CIS countries, Sub-Saharan Africa and Latin America (Table 2.9). Although unemployment rates are low in Asia and the region accounted for 57 percent of global employment creation in 2008, it should be noted that labour market conditions are often extremely harsh. Asia also has the highest share of working poor of all regions. Although this trend has been declining in the last 10 years, around four-fifths of all employed workers in the region were still classified as working poor in 2007 (ILO 2009b).

The MDG country assessments noted that employment creation was a key national priority for most countries that were surveyed. Many of the assessments pointed to the country specific character-

istics of unemployment and underemployment and the need for policies that target employment creation among specific groups of the population: extremely high youth unemployment was reported for countries in the Arab States (Morocco, Syria, Bahrain) and in post-conflict countries (Sierra Leone, Timor-Leste, Togo, Nepal); others reported the concentration of underemployment among the rural poor (Tanzania, Bangladesh, Lao PDR, Cambodia, Malawi); and yet others pointed to limited employment opportunities on account of the absence of broad based growth (Mongolia, Yemen, Indonesia).

Curiously, although job creation appeared to be a key priority for most countries in the context of achieving poverty reduction, the policy response typically appeared to be limited to skill retraining programmes, or to livelihood and income-generating programmes targeted at youth, vulnerable communities or at specific undeveloped geographical regions. Generally, it was assumed that job creation and employment security would be an outcome of growth in the private sector and of the growth process itself<sup>45</sup>.

For the most part, when it came to mass employ-

**Table 2.9: Unemployment Rates: World and Regions (%)**

Total	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
World	6.3	6.4	6.2	6.3	6.4	6.5	6.4	6.3	6.0	5.7
Central & SE Europe (non-EU) & CIS	12.4	12.7	10.8	10.3	10.1	10.1	9.9	9.4	9.1	8.4
East Asia	4.7	4.7	4.5	4.5	4.4	4.3	4.2	4.0	3.9	4.3
South East Asia & the Pacific	4.8	5.1	5.0	5.8	6.0	6.2	6.4	6.4	6.0	5.4
South Asia	4.1	4.4	4.6	4.6	4.6	4.7	5.3	5.3	5.2	5.0
Latin America & the Caribbean	8.4	8.7	8.6	8.9	9.1	9.1	8.5	8.1	7.4	7.1
Middle East	10.6	10.0	9.5	10.9	10.8	12.1	9.2	9.8	10.1	9.5
North Africa	12.8	13.3	14.1	13.6	13.4	13.1	12.3	11.5	10.5	10.6
Sub-Saharan Africa	7.4	7.9	7.9	8.1	8.1	8.2	7.9	7.9	7.8	7.7

Source: ILO 2009b

45 This is explicitly reflected in national poverty reduction strategies and national development plans of many countries.

ment creation, the public sector stepped in mainly during times of economic and political crises. The large scale Food for Work Program in Bangladesh, the Expanded Public Works Program in South Africa and Argentina's *Jefes y Jefas de Hogar Desocupados* public employment programme were emergency responses to chronic food insecurity, mass social unrest and macroeconomic crises respectively (Paul 2009, Miller et al 2009). Annex 2.3 lists the key features of these different public employment programmes.

Yet, "decent" employment is the economic power by which poor people change their susceptibility to poverty, morbidity, hunger and disease. Large-scale, publicly supported employment creation programmes can be an important policy instrument in developing countries where unemployment and underemployment are high, the employment intensity of growth is low or declining and where macroeconomic shocks or natural disasters can undermine livelihoods and necessitate income-stabilizing interventions.

More recently, there is renewed interest on the part of national planners to examine how large-scale public employment programmes can serve as vehicles for sustainable poverty reduction and not only as crisis mitigation measures. India's National Rural Employment Guarantee Scheme is one such initiative.

The focus of this chapter has been on the need for inclusive and broad-based growth as a key element for sustainable poverty reduction and for addressing the challenges of hunger, food insecurity unemployment and underemployment. In some middle-income countries and in those countries with fast growth, filling MDG gaps may essentially be a question of implementing adequate MDG-oriented policies, since growth should provide the budgetary resources needed to implement such policies. In other countries, accelerating broad-based growth and generating budget resources may be just as important as policies targeted directly at the MDGs. For these countries then, a focus on problems that arise from low growth is fully justified.

The focus on economic growth is justified not only from the perspective of making progress towards achievement of the Goal on income poverty, but is equally important from the perspective of accelerating progress towards meeting the other Goals as well. This is, in part, because growth should progressively weaken the budget constraint for public finance and ease implementation of programmes needed for

## Box 2.6: India: National Rural Employment Guarantee Act (NREGA)

NREG schemes are not simply programmes of job creation, but are also a statement of labour rights and the government's responsibility in employment. The Ministry of Rural Development states that the objective of the Act and the programmes are, "to provide for the enhancement of livelihood security of households in rural areas of the country by providing at least 100 days of guaranteed wage employment in every financial year to every household whose adult members volunteer to do unskilled manual work". The categories of work in the initiative mainly include water conservation and harvesting, drought-proofing by forestation and plantation, canal and other micro-irrigation work, horticulture plantation, land development, and flood protection and drainage works aimed at providing all-weather connectivity in rural areas.

NREGA first became operational in February 2006 in 200 districts; within two-and-a-half years, it had been extended to the rest of the country. During the first full year of the programme, employment was provided to 21 million households, which increased to 31 million during the second year.

NREGA is considered an important step towards the realization of the right to work (Sood 2006). It is expected to enhance people's livelihood security on a sustained basis by developing economic and social infrastructure in rural areas. As Sood notes, one of the most distinguishing features of the programme is its approach towards empowering citizens to play an active role in the implementation of employment guarantee schemes, through Gram Sabhas, social audits, participatory planning and other activities.

MDG achievements.

Nonetheless, a focus on broad-based, inclusive growth by itself will not be sufficient for a sustainable MDG strategy. It will have to be complemented by appropriate sectoral policies. Achieving the non-income MDGs will also require choosing appropriate policy instruments that can best accelerate progress on the various MDGs. Hence, domestic policy choices at both the macroeconomic and sectoral levels will be important in determining MDG outcomes.

## CHAPTER THREE

# UNDERSCORING DEMOCRATIC GOVERNANCE

From Goals to Outcomes

Promoting Accountability,  
Transparency and Responsiveness  
of Institutions

Inclusive Participation

Delivering the MDGs at the  
Sub-National and Local Level

Capacity Conundrums

Partnerships and Politics



*Democratic governance is seen as essential for both creating an enabling environment for MDG progress and for imbuing national and local institutions with systems, processes and values that respect people's human rights and fundamental freedoms.*



## FROM GOALS TO OUTCOMES

Since progress in human development is conditioned on an expansion in people's choices and opportunities, democratic governance, as a process of empowering people and communities to make those choices, is seen as an essential means towards human development in the longer-term and MDG achievements in the medium-term.

### Box 3.1: Albania and MDG 9 – Establish and Strengthen a Good Governance Process

At the UN Millennium Summit in September 2000, Albania along with 190 other nations adopted the Millennium Declaration. In July 2003, the country's Parliament adopted a resolution regarding the MDGs, thereby providing specific focus and attention on the responsibilities of government as specified in the Declaration.

Albania adopted an additional Goal to reflect its commitment to democratic governance. Goal 9 seeks to "Establish and Strengthen a Good Governance Process" and has one target with a set of six indicators. The target is to "Reform Overall State Systems of Public Administration, Legislation and Policies in Accordance with EU Standards of Justice, Rule of Law and Market Economies by 2015". The indicators are:

- Political Voice and Accountability
- Political Stability
- Government Effectiveness
- Regulatory Quality
- Rule of Law
- Control of Corruption

In the past few years, Albania has made significant progress towards meeting its governance targets. Improvement has been observed for all six governance indicators. Nonetheless, in the areas of government effectiveness and political voice and accountability, Albania is still behind other countries in the region. Rule of law is at a low level and control of corruption is insufficient.

Democratic governance is defined as a set of values and principles that underpin state-society relations, allowing people – in particular the poor and marginalized – to have a say in how they are governed, in how decisions are made and implemented, and in how diverging opinions are mediated and conflicting interests reconciled in accordance with the rule of law. Democratic governance means that people's human rights and fundamental freedoms are respected, that they can hold their leaders to account and that they are protected against arbitrary action in their lives by government, private institutions and other forces. Democratic governance thus aims to make governing institutions more responsive and accountable, and respectful of international norms and principles.

It is for these reasons that governance is seen as the missing link between anti-poverty efforts and poverty reduction. Even when countries try to implement economic policies to foster inclusive growth and mount targeted efforts to achieve the MDGs, inept or unresponsive institutions can nullify the impact. When governments are corrupt or unaccountable, when the poor cannot get equitable treatment or a fair hearing from undemocratic political regimes and are unable to access public services from an unresponsive bureaucracy or because services are diverted to local elites, accelerated progress towards MDG achievements will be unlikely.

By emphasizing the *means* by which development goals are translated into outcomes, democratic governance addresses the *how* – the processes, institutions and systems needed to yield collectively acceptable results. For their part, the MDGs define the desired results, without stipulating the national processes needed for their achievement.

It is also for these reasons that democratic governance is seen as central to underpinning and anchoring MDG achievements and for creating the enabling environment that allows such achievements to be secured. This role of governance in accelerating MDG achievement was highlighted by most of the 30 country assessments, but most especially by the transition and post-conflict countries. It is also for this reason that several of these countries (Mongolia, Iraq and Albania, among others) added an additional Goal – MDG 9 – to highlight the need for good governance and the rule of law. The Albania assessment states that, "that prospects for meeting the

*By emphasizing the means by which development goals are translated into outcomes, democratic governance addresses the how – the processes, institutions and systems needed to yield collectively acceptable results.*

MDGs [in Albania] are closely tied to the quality of governance... including governance effectiveness, corruption, rule of law and judicial reform, political accountability and stability”.

The most important values and principles of democratic governance, which are also important means of achieving the MDGs, are congruent with the most important human rights principles set out in a variety of UN declarations and conventions, including the following:

- **Participation:** The involvement of people in developing and implementing policies and programmes that affect them.
- **Equity, Non-Discrimination and Inclusiveness:** Policies, programmes and institutions should take account of the needs, views and aspirations of all people in society, with particular efforts being made not to discriminate against minority, marginalized and indigenous groups. Since all citizens are of equal value, they are entitled to equal treatment under the law, as well as equitable access to opportunities, services and resources.
- **Gender Equality:** Policies, programmes and institutions should deal equitably with both women and men.
- **Rules-based:** All persons, institutions and entities, public and private, including the State itself, are accountable to laws that are publicly promulgated, equally enforced and independently adjudicated. It requires measures to ensure adherence to the principles of supremacy of law, equality before the law, accountability to the law, fairness in the application of the law, avoidance of arbitrariness and procedural and legal transparency.
- **Transparency:** The right of citizens to know what public institutions are doing and how public policies and programmes are being implemented.
- **Accountability and Responsiveness:** Law makers, government officials, programmes and institutions should be held accountable for what they do, and for how they do it.

These principles and values can be applied to a wide variety of social, economic and political processes at all levels of society, from the national stage to the community level. They can and should be applied in and between a broad range of state and non-state institutions, including civil society and the private sector.

At present, 84 developing countries have adopted a Right to Information Act or Freedom of Information Act, or they are in advanced stages of adopting one as a part of the fundamental right to free speech and expression (Vleugels 2008). This legislation commonly provides a legal framework for the right to access information, recognizing that information is critical for a well-functioning democracy, which requires informed citizens, free exchange of ideas and open debates. Most Right to Information Acts have been seen as central for effective governance and have been used as an important tool to fight against poverty and to accelerate progress towards MDG achievements.

In India, The Right to Information (RTI) Act was passed by Parliament and fully implemented in 2005 in all states of the country (except Jammu & Kashmir, which are covered under a state law). Under the provisions of the Act, any citizen may request information from a public authority – a body of government or “instrumentality of State” – which is

### Box 3.2: Malawi's Freedom of Information Act

In Malawi, the Constitution guarantees the right of access to information in Article 37: "Subject to any Act of Parliament, every person shall have the right to access all information held by the state or any of its organs at any level of government in so far as such information is required for the exercise of his rights." Enabling legislation, such as the Freedom of Information Bill which is currently being reviewed by Parliament, is required to exercise this constitutional right. The draft law is in line with international best practice and includes an obligation for public authorities to publish certain information regardless of whether a request has been made, including the content of all decisions and/or policies adopted which affect the public, and complaint mechanisms available to the public.

required to reply expeditiously or within 30 days. The Act specifies that citizens have a right to:

- Request any information (as defined)
- Take copies of public documents
- Inspect public documents, public works<sup>46</sup> and public records
- Take certified samples of materials of work
- Obtain information in form of printouts, diskettes, or in any other electronic mode.

India presents important learning on the use of RTI, particularly on how to make RTI a reality for poor people. In Rajasthan, a grassroots movement demanded copies of employment contracts for workers employed in public work programmes. In doing so, the budget allocation for wages can be verified by the employees who actually serve in public works programmes. As a result, the poor workers of Rajasthan became actively engaged in this movement

and conducted a social audit, which compared the government budget allocation for public works with the allocated wages for workers. Through the social audit process, the poor were empowered to demand accountability from government. After the social audit, public hearings were organized at the local level. These public hearings provided an opportunity for the poor to speak for themselves. The social audits drew extensive attention from the state and throughout the country and as a result are being mainstreamed into many national service delivery programmes (UNDP 2008a).

Further, the RTI also laid the groundwork for initiating other landmark legislation that embody human rights and democratic governance principles, such as the Right to Employment (The National Rural Employment Guarantee Act – for more information, see box 2.6) which has directly contributed to improving the livelihoods of millions of poor rural households.

## PROMOTING ACCOUNTABILITY, TRANSPARENCY AND RESPONSIVENESS OF INSTITUTIONS

Promoting accountability in institutions is central to achieving pro-poor development outcomes. All too often, even when resources are allocated, they do not reach the actual beneficiaries because of a lack of accountability in the distribution or use of funds. Responsive and accountable governments can surely benefit the poor. Ensuring that society's resources are equitably distributed requires, however, additional efforts such as making sure that corruption is rooted out and that accountability is embodied in structures that are transparent to all people.

In the context of MDG achievements, all the country assessments emphasized the need for promoting transparency and accountability of national and local institutions, especially those responsible for implementing service delivery programmes for health, education, nutrition and

46 The Indian RTI Law is distinct in that it provides for an investigation of public works as well as public records.

agricultural services. For example, Tanzania's assessment states, "Democratic deficits continue to hamper the smooth implementation of government programmes." The MDG assessment for Lao PDR notes, "Improving public service delivery in rural areas has a direct link to MDG achievement."

Indeed, several of the country assessments pointed out that slow progress towards MDG achievements was linked to (i) poor service delivery at local levels due to design flaws and lack of convergence or coordination with planning and delivery mechanisms at the district level; (ii) a lack of flexibility in the implementation and design of service delivery programmes needed for adapting to different contexts and conditions at the local level; (iii) a lack of a consistent approach to the design of delivery mechanisms; (iv) weak monitoring of service delivery programmes at national and sub-national levels; and (v) insufficient outcome-based evaluations that contribute to more effective service delivery.

Monitoring service delivery programmes can help to identify implementation bottlenecks and improve the design of service delivery mechanisms. The absence of effective monitoring at all levels in order to enhance the effectiveness of health, education, nutrition and livelihoods programmes were noted by most of the country assessments.

Other countries are strengthening monitoring capacities of non-state actors to promote responsive and accountable public institutions. In Armenia, for example, the capacity of the media is being strengthened to monitor corruption in a variety of sectors including health, education and the environment. Six television companies were contracted to produce and broadcast more than 32 programmes, including talk shows and debates, with each episode exposing a new corruption-related issue. In some programmes, street polls were conducted to solicit "average citizen" views of corruption issues that face their community. As more episodes aired, the polled participants became more confident and comfortable in voicing their views, and the viewing audience became more actively engaged as evidenced by higher call volumes and text messages received during the show. There was also an improvement in quality and relevance of the questions being asked by viewers during the program. Government authorities also became more

cooperative and responsive throughout the implementation of the media project.

In parallel, civil society in Armenia is becoming more aware of corruption issues to enhance participatory policy-making and support anti-corruption efforts, particularly in implementing and monitoring the government's anti-corruption strategy in health and education sectors. One hundred and thirty members of 11 anti-corruption civil society organizations received training in the use of the Anti-Corruption Participatory Monitoring Methodology, along with 44 educational and 22 medical institutions. The methodology provides data and information on the existing corruption risks, which civil society can use to make policy recommendations for consideration by government authorities. These actions enabled civil society groups in Armenia to provide analysis and recommendations that were used as reference in a number of policy documents, including the second Anti-Corruption Strategy (2007-2009).

In the Philippines, a new initiative entitled "Promoting Procurement, Transparency and Efficiency to Achieve the MDGs" (PROTECT MDGs) aims to ensure that MDG achievement at the local level is free from corruption. It promotes the efficient and transparent delivery of MDG-related goods and services in the education, health, water



UN Photo/WFP

and environment sectors by establishing and strengthening a participatory procurement system at the local government level. It is based on the premise that obtaining cost-efficient goods, services and infrastructure in an open manner will free up more resources to purchase additional goods, resulting in better quality infrastructure and more efficient services.

During its first two years, PROTECT MDGs aims to upgrade the local procurement capacities of ten pilot cities so that they fully comply with the government's Procurement Reform Act of 2003, while also promoting local innovations aimed to integrate UN-MDG concepts into the procurement system.

The difference that community empowerment and political will can make in promoting more transparent, accountable and responsive institutions for more effective development outcomes is illustrated in Box 3.3.

## INCLUSIVE PARTICIPATION

Responsive, transparent and accountable institutions are an essential requirement if progress towards the MDGs is to be accelerated. But if people want government to represent their interests, they have to hold officials to account. And for this, they need to be organized and have a voice that can be heard. This has been the function of civil society organizations that have taken myriad forms – from community groups to political parties to trade unions.

Civil society organizations in countries across all regions have used different approaches to foster greater responsiveness and accountability of institutions. Public Hearings, Social Audits, Community Score Cards, Citizen Report Cards, Participatory Public Expenditure and Budget Reviews – all of these are instruments that have been quite effective in promoting the responsiveness and accountability of public institutions while also simultaneously fostering

### Box 3.3: Midday Meal Scheme in India

In 2001 the Indian Supreme Court, in response to public interest litigation, ordered all government and government-assisted primary schools to provide midday meals to all school children. This launched one of the largest school feeding schemes in the world. The programme is designed to provide a cooked meal of 450 calories and 12 grams of protein to all children in schools up to the eighth grade, including preschoolers. The federal government provides food grains, a transportation subsidy and part of the cooking costs to state authorities who are responsible for implementing the scheme. One hundred and ten million children are targeted to benefit in 2008-09 (GOI 2009).

The effort has encountered several problems in its implementation. Due to lack of political will and infrastructure, several states resisted implementation of the scheme in its initial phase. Upper castes shunned it, drawing attention to social inequality issues. The quality of meals also varies – from cooked nutritious meals in Tamil Nadu to the provision of only take-home rations of identical non-nutritious meals everyday in some states. Even with these problems, due to sustained efforts of the Supreme Court and the Right to Food campaign, coverage and quality has significantly improved over the years. The scheme has had significant impact on child nutrition, school attendance and social equity (Drèze and Goyal 2003).

Tamil Nadu, where the scheme has been in existence since 1982, reveals some key elements of its success with this programme. Food has become an integral part of the school routine. A nutritious cooked meal is provided daily in schools to students and to vulnerable adults, including pregnant and lactating women. In addition, other important links in the areas of health, immunization, de-worming and micronutrient supplementation have been established. A major factor behind the scheme's success has been the dual forces of political will from above and community pressure from below. Political will from above has resulted in more attention towards hunger and nutrition issues. There is also pressure from below as programmes become well accepted. This dynamic has helped ensure that the scheme operates efficiently and that there is retention of political will from above no matter which political party is in power (Drèze 2004).

### Box 3.4: Community Score Cards

The Community Score Card (CSC) is a participatory monitoring tool used for performance evaluation of service delivery at the local level. It is a hybrid approach of social audits, community monitoring and citizen report cards which use an interface meeting between service providers and users that allow for immediate feedback on the quality and adequacy of services provided in the community. The approach is an instrument to exact accountability and responsiveness from service providers and is an effective tool for strengthening citizen voice and community empowerment. The CSC is also used for tracking inputs and expenditures, generating benchmark performance criteria needed to assess services, comparing performance across facilities and geographic regions, and for generating a feedback mechanism between providers and users.

The Government of The Gambia developed the Accountability and Participatory Monitoring and Evaluation Programme to broaden citizen's capacity and voice, as well as to create a mechanism to improve service delivery using Community Score Cards. Some 3500 stakeholders participated in the initiative in the health and education sectors. Following a national workshop and training aimed at introducing all stakeholders to the Community Score Card process, the following activities were carried out for the selected facilities:

- Community mobilization and sensitization to discuss CSC objectives, methodology, significance and expectations;
- Input tracking to compare expected amenities with actual service provisions;
- Community performance scorecard preparation to evaluate the adequacy of amenities provided in the selected health and education facilities;
- Service providers self-evaluation using standard and group defined indicators;
- An interface meeting to discuss performance assessments and observations, bottlenecks inhibiting quality performance and recommendations to improve service provision – including the development of an action plan; and
- Advocacy and dissemination of findings to obtain stakeholder feedback and implement recommendations.

The Community Score-Card process in The Gambia enabled people to become more aware about the services to expect in their communities, and helped to empower them to contribute to improving those services. The process created a self-help spirit as citizens participated in implementing the action plans, which included contributing voluntary financial support to improve health and education facilities.

Source: World Bank, Participatory Monitoring and Evaluation

more equitable and inclusive participation of communities (Annex 3.1).

In Kyrgyzstan, a citizen satisfaction survey was carried out in 2008 to assess the quality of public services at the local level and to establish the foundation for a public service delivery monitoring system. Prior to the programme, monitoring activities were limited to preventing and investigating any misuse of funds; they were not concerned with making quality improvements, and citizen engagement was often limited to registering a complaint. The citizen's satisfaction survey aimed to build state accountability to citizens regarding the quality of services that they are provided with public money. Through the initia-

tive, 6,000 respondents were polled in 120 villages in all seven provinces of the country. Services in five sectors, namely drinking water, irrigation, education, healthcare and municipal services, were chosen to be the focus of the survey. The services were assessed on the criteria of accessibility, quality, reliability and cost. The results of the effort will be incorporated into a service improvement programme to be undertaken from 2009-2013. The survey was envisioned to be a first step in establishing an accountability framework at the local level and will be institutionalized to empower local institutions to complete similar exercises in the future in order to improve service delivery.

### Box 3.5: Social Audits and MDG 2

Using citizen-led social audits as an innovative measure to ensure transparency and hold the Government of India accountable for the indicators related to MDG-2 and public expenditure, the Indian NGO Pratham has facilitated a qualitative look at service delivery in education, focusing on educational attainment and literacy rates.

With the new government in India four years ago declaring an emphasis on transparency and outcomes rather than on outlays, attention became focused on improving the status of the country's education system. The massive infusion of funds, construction of schools, recruitment of teachers, provision of textbooks, teacher training programmes, mid-day meals and other actions constitute the building up of "force." But the question still remains, is this force working to move education to higher qualitative levels? After four years, are outlays translating into outputs? How should progress be measured, and with what tools?

In response to these questions, ASER (Annual Status of Education Report) has implemented an innovative exercise of engaging citizens to better understand and evaluate educational outcomes since 2005. It is the largest survey of children done in rural India by non-government organizations and citizen's groups. Using simple tools for reading and arithmetic applied across the country, each child's ability to read simple text and to perform basic arithmetic is assessed by a local district organization. In 2008, with the help of over 25,000 volunteers and 500 organizations, ASER was carried out in 568 out of 583 rural districts in India – comprising 16,198 villages, 335,966 households and 704,241 children. The purpose of ASER 2008 is two-fold: (i) to get reliable estimates of the status of children's schooling and basic learning abilities at the district level; and (ii) to measure changes in basic learning skills and in school statistics from the previous year, allowing, importantly, for aggregation to the local, district and state levels.

Over the past four years ASER has demonstrated that it is possible to use simple, reliable, and scientific methods of sampling and assessment, and at very low cost, to attain comparable information with deeper detail than some national surveys (i.e. NCERT and Census 2001).

Source: Pratham 2008

## DELIVERING THE MDGS AT THE SUB-NATIONAL AND LOCAL LEVEL

Decentralizing decision-making to regional or local government is generally assumed to create a more conducive environment for poverty reduction – mainly by increasing efficiency in the delivery of government services.

Decentralization though has different meanings. Is it based solely on the de-concentration of functions? Or does it also include the devolution of political authority? Unlike de-concentration, devolution involves the transfer of authority to elected local governments. Local bodies then have authority to make decisions independent of central government. And if they are elected, their decisions are more likely to reflect the interests of local people.

Whether the poor are organized enough to advance their interests with local government goes beyond the question of devolution – though any system of good governance must take this into account. Moreover, if the poor are a minority, even being well-organized might not be enough to change their situation – though it increases the likelihood that others will take their interests into account.

Participation also needs to be backed by resources. Many of the poor in developing countries are trapped in economically backward and resource-poor areas. Conferring greater local decision-making on them without giving them resources or the power to generate resources is unlikely to make a dent in accelerating progress for MDG achievements.

In light of the decentralization process underway in many developing countries, and the consequent delegation of responsibility for social service

*Participation needs to be backed by resources. Conferring greater local decision-making on the poor without giving them resources or the power to generate resources is unlikely to make a dent in accelerating progress for MDG achievements.*

provisioning to sub-national authorities, the need to strengthen local government capacity was highlighted in many country assessments. A number of the assessments also emphasized the need to strengthen links between local government, civic groups and community organizations to improve MDG progress.

Cambodia's efforts to strengthen democratic and decentralized local governance uses Commune

Councils as the entry point to implement three complementary interventions: the creation of voice and accountability mechanisms to improve dialogue and promote partnerships and accountability; the creation of a network of Commune Councils at the provincial and national level to strengthen their role in the decentralization process; and support for developing and implementing inter-commune projects.

### **Box 3.6: Building and Reinventing Decentralized Governance in Indonesia (BRIDGE)**

As Indonesia's decentralization process unfolds, a greater focus on districts has meant less attention for the provinces that play a crucial intermediary role between central and district-level government. The BRIDGE initiative aims to enhance the capacity of local government officials through implementing good governance principles. It also aims to improve public service through more interactive governance and to strengthen public monitoring of government through better access to information. Its actions have focused on schools and community health centers.

BRIDGE has five major components, and seeks to:

- Empower people to make informed demands on government through effective representation mechanisms
- Strengthen the responsiveness of provincial and local government in basic service delivery
- Improve public control over government performance through effective access to information and monitoring
- Strengthen the capacity of local institutions to adopt more effective and innovative service delivery methods
- Promote policy dialogues to deepen effective decentralization reforms.

To date, BRIDGE has helped support:

- The development of 21 multi-stakeholder groups representing local government, civil society organizations, the media and local Parliament
- Better public service delivery at schools and health centers
- Improved monitoring and evaluation to boost teacher performance and school financial management, and the same for participatory programmes at health centers (including establishing epidemiology surveillance mechanisms).

### Box 3.7: BRAC and Universal Primary Education: Bangladesh

In recent years, Bangladesh has made significant progress in the education sector, having achieved a primary enrolment rate of more than 92 percent and gender parity at both primary and secondary levels. However, high dropout rates, particularly among girls, and lack of universal access remain problems. Access to education is an issue of particular concern for children from extremely poor households who live in remote areas or are of minority ethnic descent, or who have special needs.

The goal of the BRAC Education Programme (BEP) is to make a significant contribution to the achievement of education for all in Bangladesh. It aims to improve the quality and delivery of services in education appropriate to the needs of poor children, with particular emphasis on girls, and to increase their access to services. BRAC seeks to help fill the remaining gaps in coverage, retention, and in the quality of primary education.

BRAC began its non-formal primary school programme in 1985 with 22 one-room schools. Now, more than 34,000 schools operate under BEP. These schools provide basic education to approximately 11 percent of primary school-aged children in Bangladesh. The programme provides learning opportunities to children not enrolled in government-run schools, designs school curriculums and offers relevant skills-training to students. It has organized teacher training in mathematics and English, management training for head teachers and orientation sessions for local school committee members. Over the last three years, BRAC has trained over 934 mathematics teachers, 926 English teachers and 993 head teachers.

In 2002, BRAC opened its first international office in Kabul and is currently running more than 90 schools for adolescent girls in rural Afghanistan, and has recently started to work in several countries in Africa.

## CAPACITY CONUNDRUMS

Weaknesses in the implementation of programmes critical for securing MDG achievements are intimately linked with weak institutional capacities at national and local levels. Currently, according to its country assessment, Malawi “faces a shortage of 36,000 teachers in primary schools, and the health sector is critically undermanned, especially for primary health care”. The assessment for Mozambique notes that the “low capacity of civil service impacts the quality and efficiency of program delivery”.

Institutional bottlenecks, a shortage of technical know-how, limited management systems, skills deficiencies and an absence of retention and placement strategies to attract skilled labor to less serviced areas were identified as important functional capacity constraints that slowed implementation of key national initiatives aimed at MDG achievements. Capacity-building efforts are acutely needed in all of these areas.

Investing in the capacities of state institutions to better manage development processes and to include multiple stakeholders requires that state institutions work in an efficient, effective and inclusive manner more compatible with fostering human development and securing the MDGs. This requires improving capacities for:

- Integrated development planning and implementation against existing vertically-defined sector strategies and vertical delivery mechanisms;
- Building on national governance regimes that define social justice, empowerment and gender equality as key pillars by which to measure their effectiveness and results; and
- Investing in institutions that support and safeguard inclusive sustainable growth.

Equally important as well is the need to strengthen capacities of civil society and community organizations. Community participation has often contributed to more appropriate and cost-effective design, lower costs for local labor, timely purchase of materials, the elimination of commissions and the avoidance of cost overruns. Community organizations have also delivered goods and services where central and local governments could not do so effectively.

*Political leadership and vision, engaged and active elected representatives, a responsive bureaucracy and a vigilant civil society all will need to be mobilized in order to secure sound and enduring development gains.*

## PARTNERSHIPS AND POLITICS

Partnerships have had an instrumental role in accelerating progress towards MDG achievements since the Goals were first adopted. Given the scale of challenges, the limitations of resources and capacity constraints faced by many developing countries – especially those that are least developed – the differences that partnerships can make are significant. This was underscored time and again in the country assessments, especially in the context of the fight against HIV, tuberculosis and malaria.

The importance of partnerships in responding to the spread of HIV was noted as being especially important for countries in Africa – particularly in such areas as response coordination, harm reduction,

development and introduction of clinical protocols on Anti-Retroviral Therapy, blood safety and for prevention and monitoring. Malawi, Ethiopia, Tanzania and Mozambique all pointed out that national improvements in HIV prevalence rates were in part attributable to strong coordinated partnerships between government and development partners, including civil society, international donors and the Global Fund.

In the end, MDG breakthroughs and achievements will only happen if a country and its people take ownership of the development agenda. Political leadership and vision, engaged and active elected representatives, a responsive bureaucracy and a vigilant civil society all will need to be mobilized in order to secure sound and enduring development gains.

### Box 3.8: Leadership for HIV in Botswana

In 2008, the former President of Botswana, Festus Mogae, received the Mo Ibrahim Prize for Achievement in African Leadership, which is awarded annually in recognition of good governance on the continent. President Mogae received the prize in large part for his efforts to curtail the spread of HIV in his country. During his two terms as President, he publicly took an HIV test, pressed to cut the prevalence of mother-to-child transmission and fought to make anti-retroviral drugs more readily available. He still chairs the National AIDS Council. Former UN Secretary-General Kofi Annan, who led the six member panel that chose President Mogae for the prize, said that his “outstanding leadership has ensured Botswana’s continued stability and prosperity in the face of an HIV pandemic, which threatened the future of his country and his people”. President Mogae addressed the issue in almost every one of his speeches. Since stepping down as President, he has continued his work to prevent the spread of HIV through “Champions for an HIV Free Generation” – an initiative that involves other former African Presidents and prominent figures dedicated to eradicating the disease.

## CHAPTER FOUR

# FRAGILE SITUATIONS, STURDY COMMITMENTS: THE SPECIAL CHALLENGES OF MDG ACHIEVEMENT IN CONFLICT-AFFECTED COUNTRIES

The Impact of Violent Conflict on Human Development

The Economic Costs

The Challenges of MDG Achievements in Post-Conflict Situations

Some Implications for Support of MDGs in Post-Conflict Contexts



*The idea of actively seeking to reach specified social and environmental targets can be a powerful mobilization vehicle for post-conflict recovery.*



The purpose of this chapter is to critically analyze the special challenges that countries affected by conflict confront in their efforts to attain the MDGs. Some have argued that the Goals are not really relevant in crisis and post-conflict countries as they have more pressing problems. While it is true that they face urgent challenges, resolving them is not incompatible with pursuing the MDGs. Indeed, the idea of actively seeking to reach specified social and environmental targets can be a powerful mobilization vehicle for post-conflict recovery. At the same time, however, the special circumstances of war-affected countries require that the promotion of the MDGs do no harm in terms of presenting additional conflict risk.

The legacy of conflict is devastating: death, disease, destruction, population displacement, economic dislocation, human and capital flight, massive impoverishment and social breakdown. Not only does the diversion of resources from production to destruction mean the loss of economic output, but it also leads to staggering losses from the damage inflicted on production facilities, infrastructure, societal networks and communal relations. The severe consequences of armed conflicts can erase years of important development gains and push these countries further off track from achieving the MDGs by 2015.

To be sure, not all conflict-affected countries are totally devastated. While some countries including Afghanistan, the Democratic Republic of the Congo, Liberia, Sierra Leone and Somalia have seen their states collapse as a result of conflict, others such as Croatia, Guatemala, Nepal and Sri Lanka have survived with their political systems, administrative capacities and economies largely intact. Even for those countries that do suffer extensive economic and institutional destruction, what remains is hardly ever a *tabula rasa*. Wars do not destroy social, economic or even political life altogether. Typically, the severe developmental damage that violent conflict inflicts on the formal sector reshapes, but does not eliminate, patterns of accumulation, distribution and social exchange. Moreover, the patterns of violent predation and criminal economic activity that thrive during the anarchy of war often continue to pose serious challenges to post-conflict recovery.

Accordingly, although post-conflict contexts may provide a window of opportunity for transformative institutional and policy reforms, these legacies will determine just how much of an opportunity actually exists. If strategies for the attainment of the MDGs are to have a good chance of succeeding in the aftermath of conflict, policy-makers and the international community must build on the institutional remnants that remain, and take into account the new dimensions of social dynamics that may have arisen during conflict.

## THE IMPACT OF VIOLENT CONFLICT ON HUMAN DEVELOPMENT<sup>47</sup>

### Human costs

Generally speaking, armed conflict reduces a country's human capital in numbers and in skills. In many recent conflicts civilians have been deliberately targeted by armed groups, either to achieve certain strategic or political objectives – such as the creation of an ethnically homogeneous territory – or to deny safe havens to rival combatants; in other instances the aim may be simply to loot civilian homes and other assets. Civilians have also fallen victim to the increasingly indiscriminate use of weapons such as landmines. In Nepal, for instance, landmines killed 415 people between 2004 and 2006, 57 percent of them children (ICBL 2006). In Afghanistan, landmines and unexploded ordnance killed between 150 and 300 people per month in 2000, half of them children (*Economist* 2002).

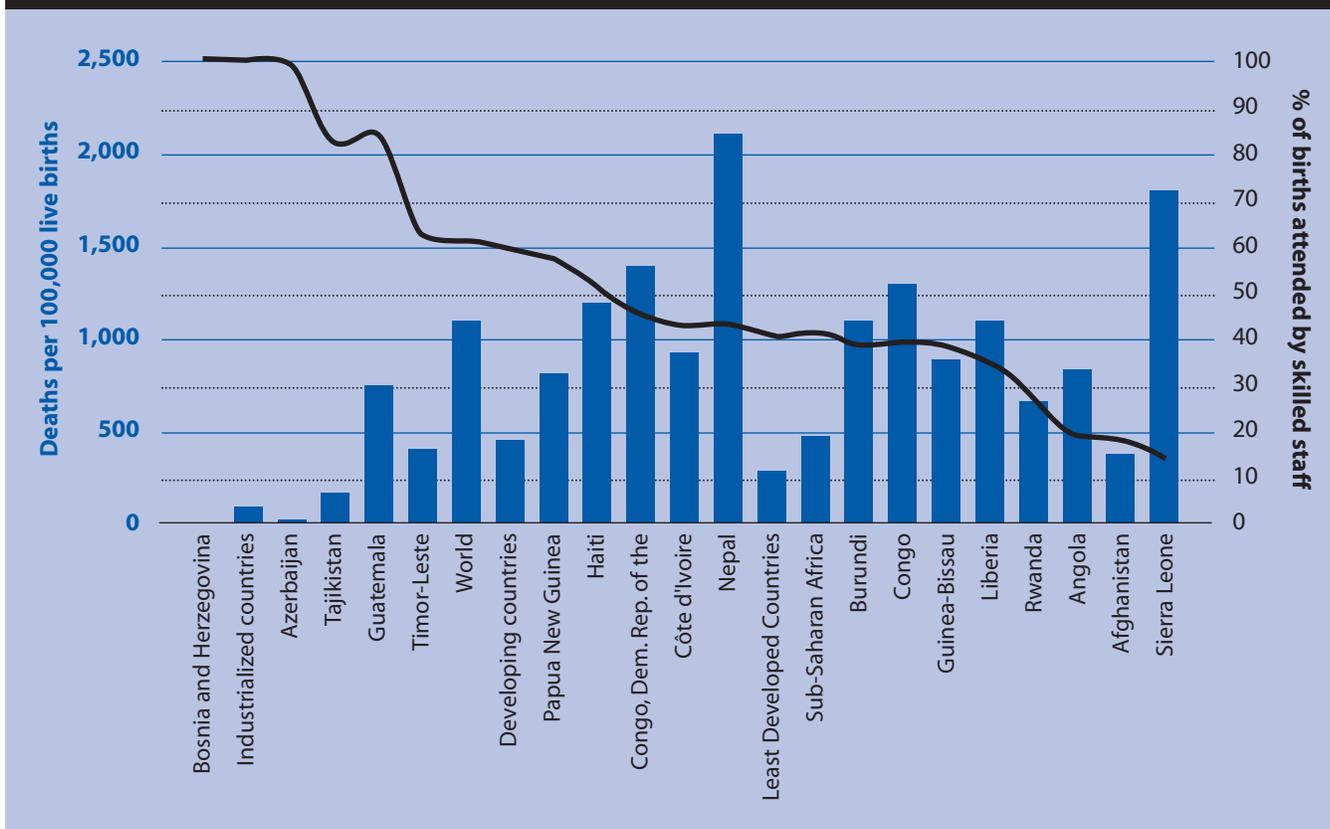
### Health costs

Contemporary armed conflicts also often result in large numbers of indirect deaths due to famine, disease and lack of health services. According to the Human Security Centre, war-exacerbated disease and malnutrition kill far more people than missiles, bombs and bullets. Famine results from a combination of food shortage due to war and the drastic reconfiguration of entitlements as food prices rise and people lose their jobs or other sources of incomes. Ethiopia in the early 1980s is an example of such a deadly combination.

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47. This section draws heavily on Chapter 2 of the UNDP report: *Post-Conflict Economic Recovery: Enabling Indigenous Ingenuity*, 2008.

**Figure 4.1: Maternal mortality ratio and skilled attendance at birth in selected countries**



Source: Data from UNICEF, 2008, statistical tables.

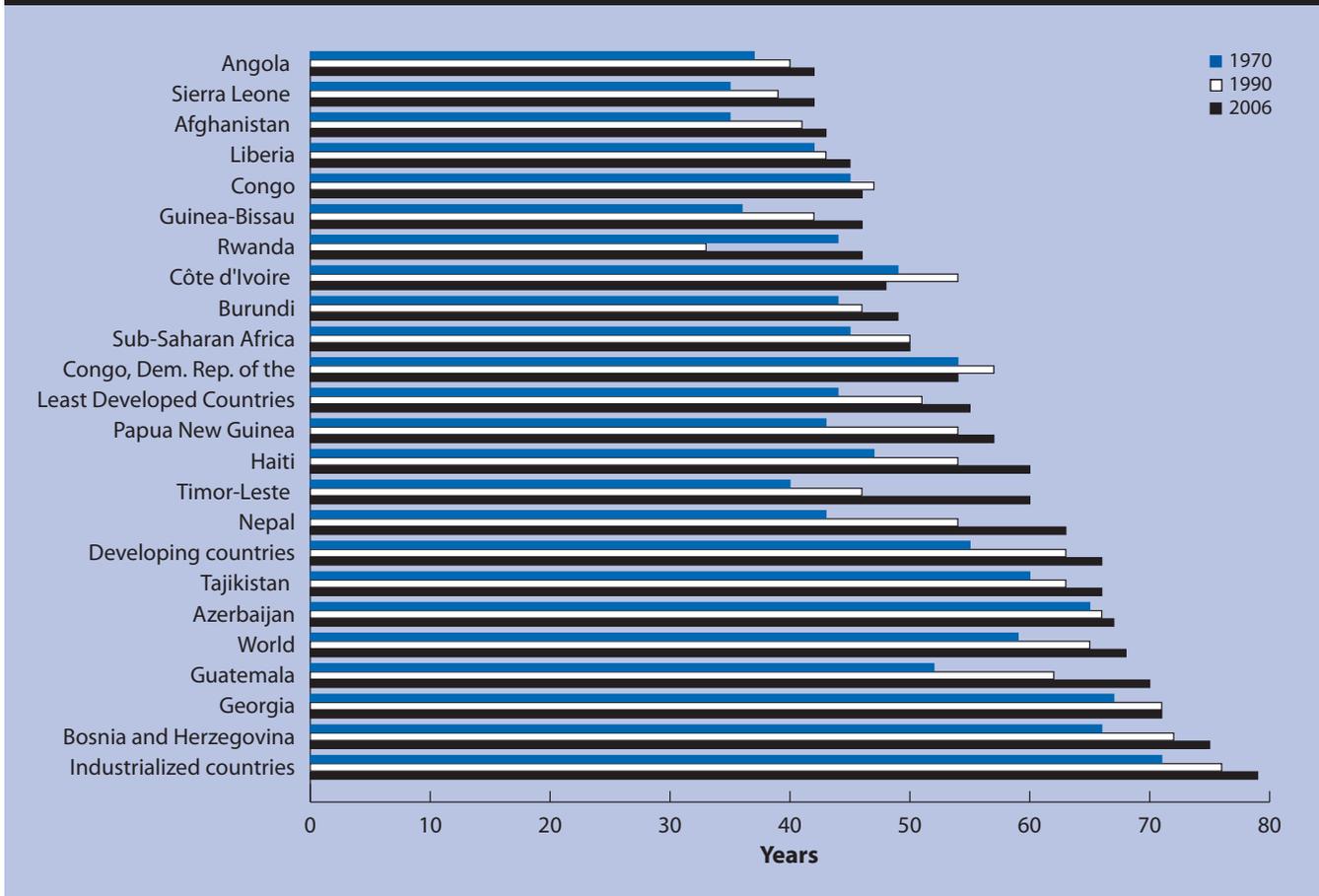
World Health Organization (WHO) data indicates that armed conflicts substantially increase the incidence of contagious diseases. Evidence suggests that the greater the wartime violence and the poorer and more vulnerable the country, the greater the number of people who become seriously ill or die from disease. The spread of HIV tops the list, affecting both sexes and nearly all age groups. Widespread rape by HIV-positive soldiers during warfare is often a major cause for its rapid spread (Ghobarah, et. al. 2003).

Epidemiological research in Uganda suggests that the initial spread of HIV was closely associated with the armed conflict that started in 1979. The spread of the virus from southern to northern Uganda appears to have followed the same path as Idi Amin's soldiers (Collier 2003). However, more recent research suggests that the link between civil conflicts

and HIV is complex and highly context specific. Indeed, in a few cases, the spread of the virus may even have slowed as a result of armed conflict due to restrictions on population movements. According to UNAIDS, Sierra Leone, for example, was insulated from the growing HIV epidemic in West Africa because about 90 percent of its population remained in the country as internally displaced persons (IDPs).

Degraded health systems and poor access to clean water, which can continue for several years after the end of a conflict, often play a significant role in the worsening health status of a population. In many cases, healthcare ends up being provided informally or by private sector improvisation, with mixed results at best. Maternal mortality rates in conflict-affected regions tend to be extremely high, often exceeding the average for LDCs, in part as a result of insufficient skilled staff attendance at births (Figure 4.1).

**Figure 4.2: Life expectancy at birth in selected countries**



Source: Data from UNICEF, 2008, statistical tables.

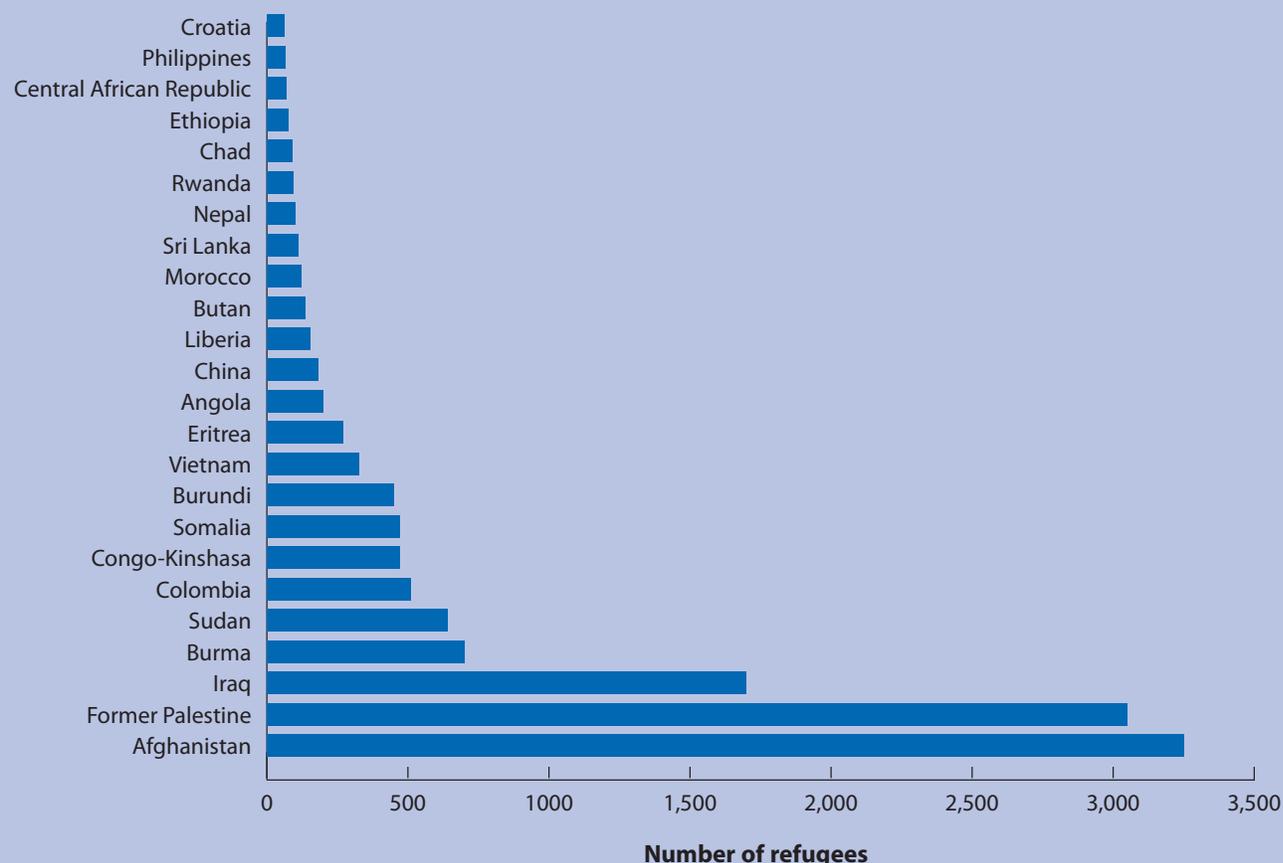
Infant and child mortality rates also tend to rise significantly during conflict. These mortality indicators and the larger socio-economic conditions they reflect may help explain why conflict-affected countries continue to face very low life expectancy rates several years after the end of armed violence – even by LDC standards. In some cases life expectancy at birth even decreased, as has been the case in Côte d'Ivoire, the Democratic Republic of the Congo and the Republic of the Congo between 1990 and 2006 (Figure 4.2).

**Population displacement**

Forced migration separates people from their sources of livelihood, cuts off their access to healthcare and

education, and heightens their vulnerability to violence and predation. While wars in the mid-twentieth century were associated with high death rates, they did not typically generate very large flows of displaced people. In contrast, contemporary armed conflicts usually result in large numbers of displaced persons and refugees. Increasingly, displacement has been more internal rather than across borders. According to the United Nations High Commissioner for Refugees (UNHCR), the total number of refugees was about 15.2 million globally at the end of 2008. The UNHCR figure for ‘persons of concern’ (i.e. refugees, asylum seekers, returnees, IDPs and stateless persons) stood at 42 million at the end of 2008. Figure 4.3 shows the main sources of refugees at year-end in 2006.

**Figure 4.3: Sources of refugees, December 2006**



Source: US Committee for Refugees and Immigrants, 2007.

Note: All names of countries are as they appear in the original source and may therefore differ from official UN designations.

### Education and human capital

Conflict reduces the stock of educated and highly skilled people due to injury, death and migration. Entrepreneurs, professionals and intellectuals – key players in any development process – often leave areas of conflict for better personal security and opportunities elsewhere. Among combatants themselves, de-skilling is frequent. Over years of fighting, they lose some of their previously acquired professional skills, even as they may acquire different ones. Conflict also affects the conditions of human capital formation and replacement through reduced education and training. During Liberia’s 15-year civil

war, at least 50 percent of all schools were destroyed, depriving 800,000 children of education. In Timor-Leste, an estimated 95 percent of classrooms were destroyed or severely damaged in the violent aftermath of the country’s 1999 referendum on independence (Li 2007). In Kosovo, Bosnia-Herzegovina and Mozambique respectively, 65, 50 and 45 percent of schools required reconstruction or repair after war.

On the demand side, enrolment rates typically fall due to low educational spending and increased household poverty during conflicts. In some cases, however, enrolment rates do not drop significantly, or even rise, as a result of community initiatives. In conflict-affected countries, communities have often

## Box 4.1: Legal Empowerment of the Poor – Land Disputes in Post-Conflict Northern Uganda

Conflict in Northern Uganda forced many to flee their homes in search of safety. With the fighting over, a significant proportion of the population is left having to reclaim access to their land, one of the main sources of subsistence. Further complicating issues of land ownership and distribution is the discovery of natural resources, bringing expectations of high returns from land. The disputes that result and the often misguided and unaided pursuit of tenure security continue to undercut opportunities for productive activities and place progress towards the MDGs in jeopardy.

Security of land tenure is indispensable not only for productivity growth and economic development but also for sustainable and durable peace. It is crucial, therefore, that peace-building in Northern Uganda also focuses on efforts to prevent and minimize the prevalence of land disputes, while simultaneously maximizing equity, justice and enforcement of land rights through legal means. Most land disputes in Northern Uganda can be broadly categorized as either being over inheritance, demarcation or investment.

Disputes over inheritance require predominantly legal solutions. Standardizing and codifying customary jurisprudence on inheritance rights is an important step forward, but such actions would have to be disseminated among Ugandan communities and reflected through acceptance and ownership by the clan leaders themselves.

The majority of land disputes in Northern Uganda are over demarcation. Despite the government's titling efforts, formal titles remain the exception. For many landowners, registration is too expensive and complicated. Furthermore, formal title holders are allowed to litigate only at the magistrate's court level. This is a further disincentive for many landowners, especially those who enjoy power and influence in the community, often preferring *de facto* ownership over a *de jure* title. Fear of future land tax on titled land is an additional deterrent to formally titling land.

Resolving disputes over land investment must focus on communication strategies of both central and the local government authorities. It also requires developing the capacity of both local government authorities and community members to carry out objective analyses of all costs and benefits included in an investment proposal, and raising awareness of the true cost and benefits among community members. Likewise, it is also important to strengthen the capacities of communities to negotiate an optimal investment agreement that takes into account the true value of the land, provisions for fair compensation, the use of local labour and social protection and corporate social responsibility.

Source: Rashid 2009

been able to use alternative approaches to provide schooling, even in very difficult conditions. As a result, primary school indicators tend to rebound fairly quickly after war to the levels of poor non-conflict countries. Unfortunately the picture is different at the secondary and tertiary levels, where enrolment rates usually collapse during conflict and are less able to rebound after war.

### **Weakened institutions, state capacity and social capital**

Conflict seriously weakens a state's capacity to govern effectively. This erosion of capacity in turn contributes to an increased risk of conflict recurring

due to the state's inability to provide essential public services. The extent to which governing institutions are degraded varies greatly from country to country. In relatively localized conflicts in well-established states, such as Colombia, Indonesia and Sri Lanka, the government's day-to-day functioning may be hardly affected by conflict. However, at the other extreme are countries where armed conflicts have led to the collapse of the state, such as in the Democratic Republic of the Congo and in Somalia. In between these extremes, the state may survive conflict, or a new governing structure may emerge, but without firm control over the entire country, as in Afghanistan.

A frequent outcome of war is a reconfiguration of

property – especially land – rights, as violence can often displace customary or legal titles as the determinant of ownership and use. Farmers and agricultural labourers often lose their livelihoods due to displacement or land grabs by warring factions. In the Democratic Republic of the Congo, for example, much land has been forcibly occupied, claimed and exploited for minerals by the warring parties and taken away from important crop and cattle production. Not surprisingly, therefore, land tenure conflicts generate another obstacle to peace and to the resumption of development. For example, after the civil war ended in Mozambique, initial difficulties in resolving land tenure disputes complicated peace efforts. In Nicaragua, the Contras rearmed themselves during the peace process over misunderstandings about issues of land access. And in El Salvador, the delay in implementing a land transfer programme for ex-combatants – due to donor and government reluctance to finance it – became a major obstacle to peace-making.

The absence or weakness of state capacity allows corruption and criminal activities to flourish. It is typically the case that post-conflict countries are extremely challenged in reviving a proper judicial system, and in preventing political intrusion and corruption. The rehabilitation of institutions may be as urgent a priority as rebuilding physical infrastructure. The effective functioning of institutions is critical for restoring confidence, stability and predictability without which efforts to reconstruct the foundations of development are likely to be fraught with great obstacles.

This situation is further complicated by the fact that conflict also undermines social cohesion and trust, as well as community-level networks – the essential mechanisms that make productive economic and social exchange possible. As a result, ethnic, religious and other social tensions often remain strong after a war, especially if dominant groups resist the adoption of inclusive policies. The persistence of horizontal inequalities is a major risk factor for both the onset of conflict and its recurrence. The absence of trust also widens the scope for opportunistic and criminal behaviour, which in turn undermines the values of honesty, hard work and human dignity.

It is widely agreed that democracy and inclusive politics offer a remedy for repeated cycles of poverty

and conflict in the long term. In the immediate aftermath of conflict, the conditions for democratization may improve significantly. However, there is always a risk that the reckless pursuit of democratization may re-ignite conflict in the period of uncertainty that often accompanies a transition. This is particularly the case where elections are held before the capacities of the state, civil society and the communities themselves are sufficiently developed to support electoral outcomes. This underlines the importance of sensitivity to local circumstances, and of gradualism in pushing for democratic reforms where conditions may not yet be ripe.

#### Box 4.2: Conflict in Timor-Leste

In spite of significant progress in some areas, as a late comer to the MDGs, Timor-Leste is off track to achieve most of the Goals. Governance and conflict issues present risks to sustaining MDG progress. Its dependence on a single resource – its petroleum reserves – may also pose additional governance risks. The country has successfully established the necessary infrastructure for running a democratic state, and conducted presidential and legislative elections in 2007. The establishment of the Petroleum Fund is also a sign of transparency and good resource management. However, Timor-Leste faces a continuing threat to its peace and stability, demonstrated by the 2006 civil and military strife, which included a mutiny in the army and assassination attempts at the President and Prime Minister. The violence led to the displacement of a significant number of people and had adverse effects on the economy, resulting in a GDP reduction of about 6%.

The country also suffers a severe capacity gap in economic and social management, which has affected ownership of policy design and implementation. For instance, there are more than 60 expatriate advisers in the Ministry of Finance alone. The expatriate staff turnover has also been mentioned as one issue affecting policy sustainability. There is little skills transfer taking place. For policies to be successful, it is imperative to have high-level administrative capacity, political commitment and a nationally-owned process that reflects the priorities of the country.

Source: MDG Country Assessment

## THE ECONOMIC COSTS

Conflict almost always affects the rate of a country's economic growth as a result of its negative impacts on physical and human capital, as well as by disrupting markets and reducing trust. But economic changes can often go far beyond this, when conflicts transform economies and bring about a switch to informal, and sometimes even illegal, activities.

### Damage to physical capital and assets

The destruction of infrastructure is often one of the most visible aspects of the cost of armed conflict. The warring parties often target ports, telecommunication and electricity infrastructure, and other economically important physical facilities in order to gain a strategic advantage. Also contributing to the deterioration of physical capital is the lack of spending on maintenance by the government during conflict. This is often the result not only of continuing insecurity, but also of the overall decline in government revenues, an increasing share of which is diverted to military spending. The loss of physical capital can be quite substantial. As noted by the country assessment for Mozambique, during its civil war about 40 percent of immobile capital in the agriculture, communications and administrative sectors was destroyed. Some two-thirds of Timor-Leste's infrastructure was destroyed in the mayhem that followed the 1999 referendum on its independence from Indonesia. The damage to physical capital, in turn, imposes serious hardships on civilian populations through the loss of safe drinking water, sanitation and power systems.

Large land areas are also frequently rendered inaccessible by landmines and other unexploded ordinance (UXO). In 2001, Cambodia had more landmines and UXOs than any other country in the world, with 6,422 villages – 46 percent of the total – contaminated (Collier 2003). Clearly, UXO not only poses substantial danger to life, it also severely hampers the prospects of post-conflict recovery of agricultural production. Not surprisingly, Cambodia identified a 9th MDG to eliminate casualties from land mines by 2015.

Armed conflicts are also responsible for serious direct and indirect damage to the environment. Environmental damage is often particularly severe in resource-rich countries. For example, the rapid growth of unregulated mining of valuable coltan deposits underlying arable land in the North and South Kivu regions of the Democratic Republic of the Congo has destabilized hillsides, causing landslides that have destroyed fields. About half of the land seized for unplanned, artisanal mining has become unsuitable for agriculture. Extensive illegal logging has also seriously compromised wildlife habitats.

The destruction of Liberia's main hydropower infrastructure increased the use of charcoal and wood fuel as energy sources, accelerating deforestation and atmospheric pollution. Land degradation and deforestation compromise prospects for food security, sustainable development and long-term peace. Sudan's long civil war has caused serious environmental damage, with deforestation occurring now at a rate of more than 0.84 percent a year. Indeed, from 1990 to 2005, the country lost 11.6 percent of its forest cover (UNEP 2007). Rates of deforestation are likely

*Conflict almost always affects the rate of a country's economic growth as a result of its negative impacts on physical and human capital, as well as by disrupting markets and reducing trust.*

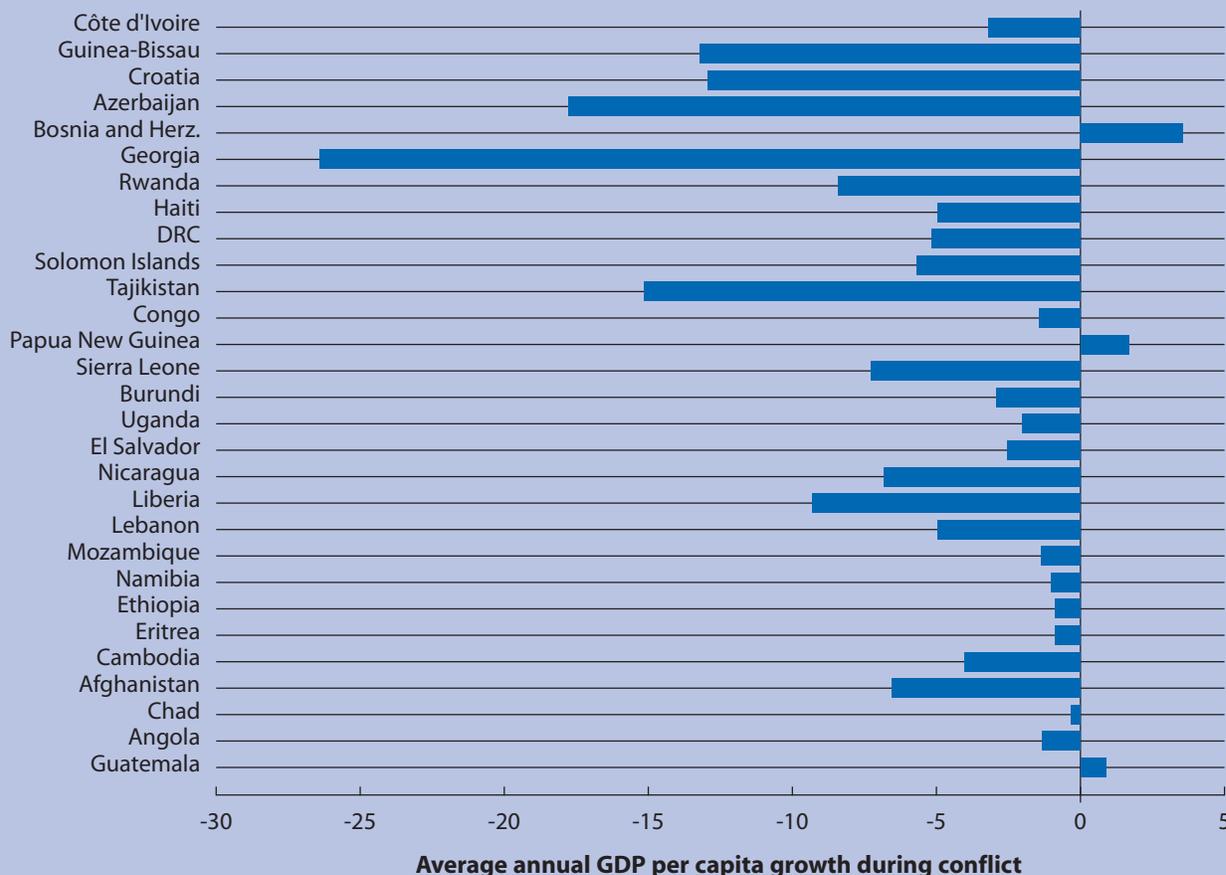
to worsen in the coming years because of the expected return of massive numbers of refugees and of IDPs.

Finally, the poor often lose their homes and livestock following forced migration, or due to destruction or expropriation by combatants. In Dili, for example, anti-secessionist forces burned houses as it became clear their side was losing. In Uganda, a survey of households who fled the civil war violence in the mid-1980s found that two-thirds of respondents had lost all their assets. In Mozambique, the national cattle stock was reduced by almost 80 percent during the course of the conflict (Collier 2003).

### Decline in output

The economic consequences of armed conflict are often dramatic, as a result of capital destruction, reduced investment and disrupted markets. Figures 4.4 and 4.5 show the impact conflict has had on GDP in selected post-conflict countries. There are significant differences in the reduction in GDP per capita among conflict-affected countries, but the effect is typically largely negative. The overall effect of a conflict on a country's GDP per capita is a function of the average growth rate during conflict

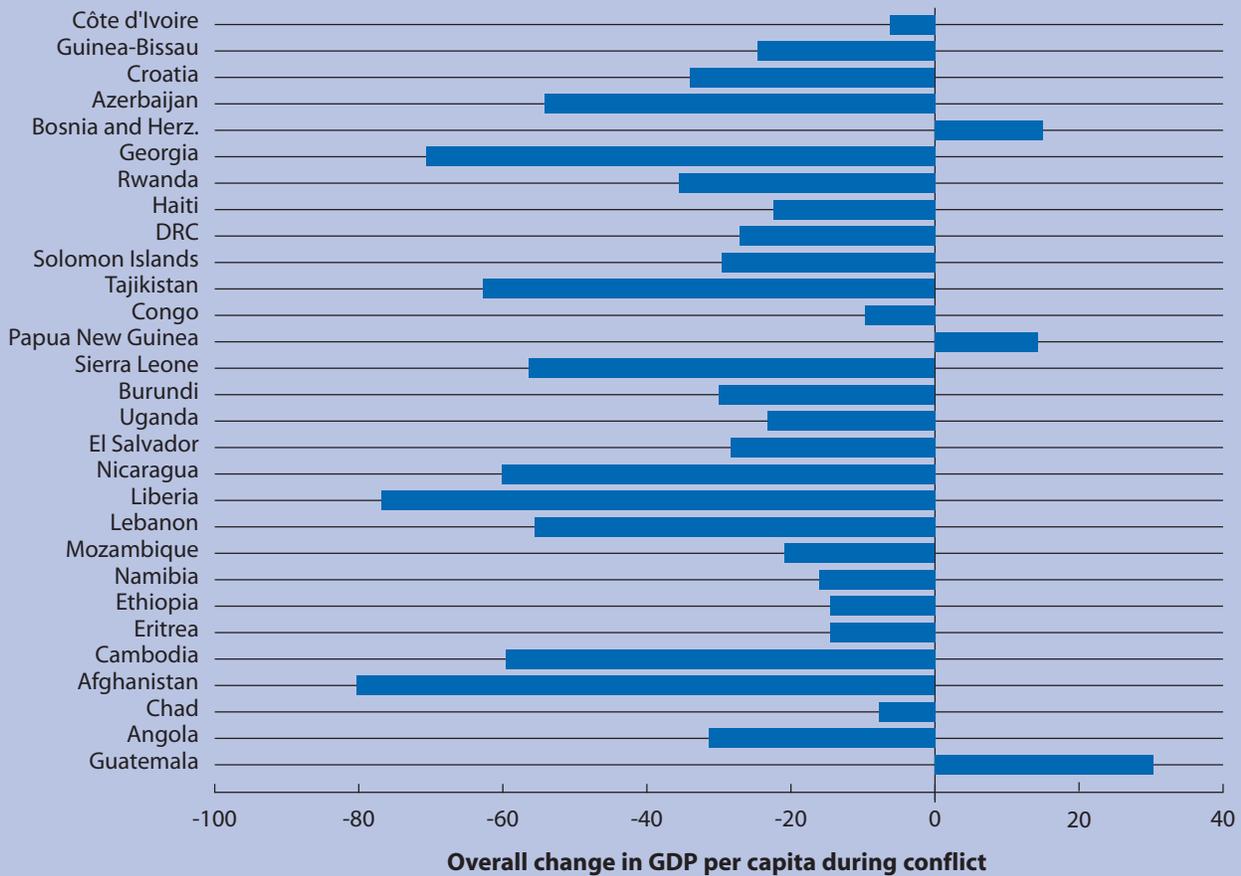
**Figure 4.4: GDP per capita growth in selected conflict-affected countries**



Note: Countries are ranked from top to bottom with the countries with the shortest conflicts on the top and the ones with the longest on the bottom. The conflict periods considered are those during which economic activity is expected to have been most affected on a continuous basis.

Sources: World Bank 2007a, and Heston, Summers and Aten 2006.

**Figure 4.5: Change in GDP per capita in selected conflict-affected countries**



Note: Countries are ranked from top to bottom with the countries with the shortest conflicts on the top and the ones with the longest on the bottom. The conflict periods considered are those during which economic activity is expected to have been most affected on a continuous basis.

Sources: World Bank 2007a, and Heston, Summers and Aten 2006.

and the duration of the conflict. GDP per capita growth was strongly negative during conflicts in Afghanistan, Azerbaijan, Croatia, Georgia, Guinea-Bissau, Liberia, Nicaragua, Rwanda, Sierra Leone, Solomon Islands and Tajikistan. In Angola, Chad, Mozambique and Uganda, the average annual decline in GDP per capita of below two percent was more modest.

A few countries have experienced positive growth during their periods of conflict, with Bosnia and Herzegovina, Guatemala and Papua New Guinea showing higher levels of GDP per capita at the end

of their conflicts. Several factors may account for these differences in growth trajectories. These include the characteristics of the country's economy, the reaction of the international community and the geographical scope, intensity and duration of the conflict.

### Structural changes in the economy

The difficulty many post-conflict countries face in achieving speedy post-conflict economic recovery is partly due to their weak state of development before the onset of conflict. But it also has much to do with the kind of economic transformations that may have

taken place during the conflict. War often leads to violent re-allocation of resources and activities among sectors and institutions, as well as among households and social groups. It also often results in the destruction of much of the formal sector.

Conflict tends to lead to a substantial rise in informal activities that are outside the purview of government taxation and regulation. Many of these informal activities arise as people struggle to survive in the face of the loss of livelihoods in the formal sector. Illicit activities also tend to expand as conflict reduces the state's ability to regulate, increasing opportunities for the production and trade of illegal commodities, smuggling and theft. In Afghanistan, for instance, almost all the economic activity was informal during the peak of its conflict, and even today large swathes of the economy remain outside the formal sector. Opium production has re-emerged as one of the largest economic sectors, with close to five percent of agricultural land devoted to poppy and more than 3 million people involved in its cultivation (UNODC 2007).

The informal sector in most post-conflict economies is not only likely to be relatively larger than in normal developing countries, it is also likely to be different in terms of how it works and whom it benefits the most. Wartime economic activity often helps some to wage war and others to profit from it. Most people, of course, engage in economic activity just to survive. One study describes these three roles as, respectively, 'combat', 'shadow' and 'coping' economies. Most war economies display all three features, depending on the scope and length of the conflict (Goodhand 2004).

Combat and shadow economies, in particular, may complicate MDG-conducive economic recovery in several ways. They may limit the political window of opportunity for making needed policy changes after war. Continuing combat and shadow economic activities also impair the already poor capacity of states to mobilize tax and customs revenues. Where those who profit from war are also its victors, they are able to use their accumulated wealth and power to influence the terms of peace agreements. Even when they are not the 'victors', ex-combatants often become part of the transitional governments charged with overseeing peace building and socio-economic recovery. Their interests do not always include

transparent fiscal systems, economic justice or the promotion of general welfare. In some cases, the volume of resources available to post-conflict governing elites can significantly exceed external funding, thereby reducing donor leverage for reform.

### **Lost employment and livelihoods**

Armed conflicts can have a severely negative impact on employment through a variety of mechanisms such as disrupted markets, lower levels of public expenditure and a reduction in essential supplies and imported goods needed for productive activities. With the collapse of private and public investment, high and persistent unemployment is the existential reality that war-torn populations and returning combatants often face just when they need jobs the most. The few jobs available after conflicts also tend to pay much less than did conflict-related work. Job seekers' skills are often ill-suited to post-conflict rebuilding needs.

Very high unemployment and underemployment seem to persist long after the cessation of hostilities. Unemployment was estimated at between 70 and 80 percent in Bosnia and Herzegovina immediately



UN Photo/Evan Schneider

after the war. By 2004, official data showed unemployment still hovering at around 40 percent (World Bank 1997). In Afghanistan in 2004, unemployment was reported to be around 30 percent with another 30 percent working part-time or in jobs for which they were overqualified.

The lack of job opportunities for young people is especially significant since they constitute a large proportion of the population of post-conflict countries. Young men returning from war and unable to find productive employment may end up engaging in illicit activities or taking up arms again, domestically or in a neighboring country. Even those who manage to find jobs can find their purchasing power eroded by high inflation.

### Capital flight

Due to macroeconomic uncertainty, rising inflation, depreciating exchange rates and the widespread destruction and looting of private assets, conflict-torn countries often experience extensive capital flight. Although capital flight is difficult to gauge, one estimate suggests that the proportion of private wealth held abroad by a typical conflict country rises from about nine percent before the conflict to about

20 percent just after the war ends (Collier 2003). More crucially, capital flight often continues for several years after the end of conflict. Ultimately, lost capital only returns with stability, and when economic and political risks have fallen substantially. Where the source of flight capital has been the looting of national resources by corrupt officials, the legitimacy of those acquisitions may well be open to question.

## THE CHALLENGES OF MDG ACHIEVEMENTS IN POST-CONFLICT SITUATIONS

Most of the problems faced by post-conflict countries appear similar to those of many poor developing countries that have avoided conflict. However, war-related destruction and distortions make the development challenge more onerous for post-conflict countries. The implementation environment in post-conflict countries is also more challenging than that of other developing countries that have not had to endure the consequences of conflict. Drawing on the preceding section, Box 4.1 summarizes how conflict may impact each of the MDGs.

**Table 4.1: The Challenges of MDGs in the Post-Conflict Context**

### Goal 1: Eradicate extreme poverty and hunger

Crisis slows economic growth and often reverses gains made against poverty and hunger. Continuing absence of basic security and corresponding low levels of confidence among economic agents undermines development policy implementation. Deep macroeconomic challenges often include large budget deficits, high inflation and a high debt burden.

The location and type of conflict affects MDG status and economic growth variably, sometimes affecting whole countries and economies, while other times affecting geographic pockets or particular social groups more directly. Thus, there may be positive MDG progress at the national level despite on-going conflict in some areas.

Though rarely the immediate cause of conflict, poverty can be a factor in its escalation and continuation, particularly when coupled with severe horizontal inequality; and it is statistically a robust indicator of conflict risk.

### Goal 2: Achieve universal primary education

Education is often interrupted during conflict. Schools may be closed or destroyed. There may be a shortage of qualified teachers, due to persecution, flight, enlistment in armed groups or due to non-payment of salaries. Children may be trapped at home due to fighting or lack of transportation; or they may be forced to flee or are enlisted into armed groups. Others may abandon school to work or to scavenge for food. Even when children remain in school during crisis, their ability to learn is often compromised by hunger.

Community efforts during conflict often provide a basis for primary enrolment to rebound quickly once conflict ends. But this depends on the speed at which communities can rebuild homes, shelter and livelihoods, so that children are not needed to support these activities.

Continued on next page

**Table 4.1: The Challenges of MDGs in the post-conflict context (cont-d)**

**Goal 3: Promote gender equality and empower women**

Women and children are disproportionately the victims of conflict. They constitute the majority in camps for refugees and the internally displaced. Sexual violence is often used as a weapon of intimidation. Women and girls are routinely recruited, coerced or kidnapped to fight or to support armed groups. Following crisis, widowed women must provide for their families. But war may also empower women, as they often move into leadership roles, including running businesses, overseeing farms and commanding armed groups. In general, women often take up roles and professions previously dominated by men. These gains in gender equality however are often reversed following the resolution of the crisis. But they can also be leveraged in the implementation of MDG related activities.

**Goal 4: Reduce child mortality**

Conflict leads to higher rates of death among children through illness, disease, lack of immunization, malnutrition and violence directed against children and women. This implies a higher relative level of vulnerability for children in post-conflict countries, all else being equal.

**Goal 5: Improve maternal health**

During conflict, the health of expectant mothers can suffer and their access to healthcare and professional facilities may be limited. Mothers suffer from hunger, disease, exposure, dehydration, trauma, displacement or forced migration, rape and other forms of violence. Health clinics and hospitals may be closed or destroyed, and those open may lack essential medicines, supplies, electricity, water and staff. Expectant mothers may not be able to get to clinics, or even to give birth in clean conditions with the assistance of a traditional mid-wife. Likewise, there are serious implications for maternal health in post-conflict countries as well.

**Goal 6: Combat HIV and AIDS, malaria and other diseases**

Poor nutrition, exhaustion, stress, unsanitary conditions, forced migration and close confinement increase vulnerability to infectious diseases, including malaria and tuberculosis. With male combatants on the move and rape used as a weapon of war, armed conflict can lead to the spread of HIV and other diseases. Conflict disrupts access to basic tools of prevention, such as condoms. The pursuit of Goal 6 is likely to be additionally hampered by the war-induced breakdown of health systems. But in some cases, and counter-intuitively perhaps, conflict may also work to reduce the risk of HIV infection or slow its spread by minimizing mobility and social interaction, halting trade, closing borders and isolating areas of the country for several years.

**Goal 7: Ensure environmental sustainability**

Conflict destroys the environment. Fighting decimates forests and agricultural land, and poisons water sources. People forced to flee place further strain on the environment by cutting trees for shelter and fuel, clearings forests for new farmland and polluting their temporary habitats. Crisis often drives rural inhabitants to urban areas that are unable to adequately absorb their large numbers, thereby straining public services and increasing slum dwellings. During conflict, extraction and harvesting of valuable natural resources are often conducted with little regard for environmental impact. Neglect of oil pipelines and mines and their destruction by warring parties causes further damage to ecosystems and to environmental resources. After war, the challenge is to repair this damage and to 'unlearn' the environmentally unfriendly practices that are rampant during conflict.

**Goal 8: Develop a global partnership for development**

Conflict disrupts trade and investment, and often interrupts important development assistance. The continuing costs of the military even after a ceasefire or peace agreement drain national budgets, increase the size of debt and strain economies. Scarcity of human capacity exists side by side with collapsed labour markets.

**Policy priorities and trade-offs – a contemporary illustration**

The country observations underline the fact that, despite the devastation suffered by post-conflict countries, they are not 'blank slates' on which the international community can build brand new

economic and social systems. Effective recovery and the successful promotion of the MDGs require acknowledgement of the dynamic legacies of civil conflict. It is important to take stock of these legacies in order to better identify those aspects that have the greatest potential to contribute to economic recovery

## *Effective recovery and the successful promotion of the MDGs require acknowledgement of the dynamic legacies of civil conflict.*

### **Box 4.3: Sierra Leone's Civil Society**

The decade long civil war marked a period of civil society awakening in Sierra Leone. Civil society, including citizens' organizations, existed in all districts of the country. In terms of coordination, these organizations were grouped into various coalitions and formal and informal networks, organized along programmatic and thematic lines. These included the Civil Society Movement (CSM), the National Forum for Human Rights (NFHR), the Freetown Human Rights Committee (FHRC) and the Women's Forum.

These civil society networks and coalitions played significant roles during the country's period of crisis and provided various kinds of services. Importantly, they helped to create an alternative voice in governance, advocating for fundamental rights and basic needs related to the MDGs.

Source: Sierra Leone MDG Country Assessment

and peace-building. In addition, post-conflict recovery situations require substantial restraint on the part of the 'winners' as they consolidate power after the conflict ends.

Lowering the risk of war recurring is the greatest challenge that a post-conflict country faces. At the same time, the advancement of economic growth and development and the promotion of the MDGs — especially ensuring that the poorest segments of the population share in the benefits of development — are essential for reducing the future incidence of civil war. Sustainable peace and development also requires

a creative approach to consensus-building across religious, social and ethnic lines that's aimed at how best to use a society's assets; it is also important to do so in a way that encourages the participation of different groups and segments of society.

The MDG challenge in post-conflict situations may be exemplified by the current situation in Sri Lanka. That country has long been viewed as a model developing country, having made great strides in attaining high levels of male and female literacy, school enrolment and health outcomes, despite its low level of per-capita income. At the aggregate level, Sri Lanka fares well on most of its MDG targets. However, there are wide gaps in the reduction of income poverty among regions. Tackling Sri Lanka's underperformance on Goal 1 – eradicating extreme poverty and hunger – requires a strategic focus on the poorest districts and provinces, including the North and Eastern provinces that have been most affected by the prolonged conflict.

With the end of the conflict in May 2009, the most immediate needs in Sri Lanka are humanitarian, given that over 250,000 internally displaced persons are living in government-run camps, according to estimates by the UN High Commissioner for Refugees (UNHCR).<sup>48</sup> With these people in various conditions of trauma, priority attention must be given to improving both their psychological and physical welfare. But following closely on these considerations are the larger developmental issues of returning people to their communities and livelihoods, creating new income-earning opportunities and restoring human and social capital along with the basic operational capacities needed for local and community-level governance.

Furthermore, the country must address the deep-seated issues that gave rise to the Liberation Tigers of

48 UNHCR data provided by the UNDP Sri Lanka Country Office

Tamil Eelam (LTTE) in the first place, as well as the profound sense of disenfranchisement, distrust and frustration among Tamils in Sri Lanka. Rebuilding trust between minority and majority communities and between citizens and the government is paramount. Sri Lanka must find a way to reconfigure the political architecture to address the concerns of Tamils and other minorities, and it must begin to heal the wounds that have grown deep over 30 years of war. Promoting the MDGs in a conflict-sensitive manner could work to reduce the risks of conflict recurrence. Programmes aimed at rebuilding the physical and social infrastructure in the North and East could be designed to provide important additional livelihood opportunities to the displaced and to those in need.

UNDP has been supporting recovery work in the conflict-affected areas that could be leveraged for MDG implementation. The Transition Recovery Programme<sup>49</sup> already has clear links to the MDGs. Its livelihood and alternative income-generation components, for example, feed directly into MDG-1, and target beneficiaries such as IDPs and returnees, as well as host communities that are in particular need of restoring essential services and basic infrastructure. In addition, promoting gender equality

has been mainstreamed into all projects as a cross-cutting issue. Thus, through implementation of various activities special attention is being paid to the needs of women, including to issues regarding their representation and empowerment.

The programme also indirectly promotes other MDGs. Its housing and community infrastructure interventions contribute to improving the overall health of families by providing protection from rain and floods, and access to health services. Housing also provides space and privacy for children to concentrate on their studies, and their school attendance has improved simply through better health and living conditions. Income-generation and community infrastructure for families has resulted in children spending less time helping out with household and livelihood-related activities, allowing more time for school work.

UNDP is also working closely with the Sri Lankan government to strengthen the service delivery system at the local level, and is piloting a comprehensive capacity development approach in one of the poorest but not conflict-affected provinces. An initial capacity assessment exercise was conducted in 2007/08 in that province. With the end of the



UN Photo/Olivier Salgado

49 UNDP project in Sri Lanka supported by BCPR

## Box 4.4: Challenges, Successes and the Way Forward in Post-Conflict Nepal

Growth in Nepal has suffered from the country's conflict as well as other factors, and declined to negative 0.4 percent in 2002. Since 2003, GDP growth has hovered around 3 percent on average. In the post-conflict era, lower than anticipated agriculture growth, a further fall in the contribution of manufacturing to growth — due in part to long power outages, frequent strikes and highway blockades — and low government expenditure have been major factors impacting on GDP growth. Yet even these latest figures are an improvement from earlier years of conflict.

Nepal's decade-long internal conflict was partly rooted in the exclusion of large numbers of Nepalese from political, economic and social processes. The next five years are seen as critical as Nepal pursues peace-building and the recovery of its development momentum at a time of global economic downturn. The process is compounded by the added challenge of healing damaged social relations.

To meet the MDGs, Nepal must accelerate domestic growth and share its results more broadly across the population. Key success criteria of the Comprehensive Peace Agreement include ending discrimination of all kinds, restructuring the state, enhancing transparency and accountability, protecting fundamental rights — including economic and social rights — and providing access to basic services. The government has aimed to set policies to meet its development objectives and to uplift all citizens of Nepal, including groups that have been traditionally excluded. But such policies will not be sufficient to improve the well-being of disadvantaged groups unless they are well targeted and help to build the human and social capital of excluded groups.

Clearly, Nepal needs to accelerate economic growth to reduce poverty and to help avoid the recurrence of conflict. The country may have some vulnerability, however, arising from the current global crisis. It is highly dependent on remittances, which reached a high of 25 percent of GDP in 2007. The global economic downturn could mean a sharp decline in remittances, which could fuel unrest, and could also harm exports and tourism, all of which would severely compromise MDG-1.

The strength behind development in Nepal is highly concentrated at the community level, and Nepal has some remarkable local success stories including efforts by forestry user groups and women's groups, community-based programmes in rural drinking water, rural roads, micro-hydropower generation, local management of schools and a number of initiatives by development partners. Many of the truly community-owned efforts have shown great viability, and even in conflict-affected areas. Where a supportive framework has been created for communities to undertake such activities, there have been impressive development successes.

Source: Nepal MDG Country Assessment

country's conflict, the government might now wish to consider scaling up the exercise by extending its work to other regions. It is important, however, that capacity-building for local service delivery be extended beyond the decentralized administrative structure of government. The locally-elected governments units, including Provincial Councils and *Pradeshhiya Sabhas*<sup>50</sup>, must be included in the development agenda. Strengthening the capacity of these newly elected institutions to effectively deliver services to the people of the conflict-affected provinces would contribute significantly to recovery, peace-building and, of course, the MDGs.

Post-conflict development policy and programmes must integrate into MDG implementation the reconstruction of physical facilities and the rebuilding of institutions. They must address key conflict-risk factors, which include high unemployment levels and lack of employment opportunities, severe horizontal inequalities and inefficient management of high-value natural resources. All of these objectives are important for the well being of populations. But they are also important for avoiding the further undermining of development and the return of hostilities. Of course, the importance of each objective will vary according to the particular legacies of conflict. In

50 Pradeshhiya Sabhas are the village elected councils. They are the lowest tier of the elected local governments, after the Provincial Councils, the Urban and the Municipal Councils.

addition, and underlying all these policies, restoring the capacity of the state is critical in societies where this has been seriously undermined.

## SOME IMPLICATIONS FOR SUPPORT OF MDGS IN POST-CONFLICT CONTEXTS

**Reduce horizontal inequalities:** Projects designed to promote MDGs should aim to reduce horizontal inequalities where these are severe by targeting beneficiaries in relatively deprived areas. At the same time, experience suggests that projects designed to foster linkages across communities could have substantial conflict-reducing effects. Wherever feasible, MDG projects should draw the participants and beneficiaries from across potential conflict lines. Conversely, where it is clear that policies to promote the MDGs are likely to aggravate regional, religious or ethnic inequalities, then compensatory investments should be made in the disadvantaged areas, even if these are relatively inefficient.

Special efforts should also be made to ensure that early recovery mechanisms lay the groundwork for the establishment of civil society structures and a gender-sensitive state, including eliminating gender-based violence. Gender-based violence takes many different forms and is experienced in a range of crisis and non-crisis settings. It is deeply rooted in structural relationships of inequality between women and men. During conflict, systematic gender-based violence is often perpetrated and/or condoned by both state and non-state actors. It thrives on impunity both in times of war and in times of peace. It is clear that a commitment to expand the role of women in leadership positions in every aspect of prevention and resolution of conflicts, including peace-keeping and peace-building efforts, is essential for conflict prevention and recovery (UNDP 2008c).

**Ensure conflict sensitivity in MDG programming:** Likewise, it is particularly important for programme and project managers to be trained to be aware of the implications that MDG-related initiatives may have on opposing factions, or in politicized communities. They must be thoroughly sensitive to the dynamics of conflicts in their areas, and incorporate these effects into the various project implemen-

tation reports. Generally, regular conflict impact analysis should be expected from the managers of projects in conflict-affected areas.

**Adopt a disaggregated approach for MDG assessments:** Finally, evaluation of progress towards the MDGs should adopt a disaggregated approach and pay particular attention to regional and sub-national levels where ethnic, regional or religious tensions are serious. MDG reports should be produced first and foremost for national policy-makers rather than for international comparative analysis. It is particularly important that these reports analyze the ways in which MDG policies and programmes address the concerns of the different groups, and not simply how they are promoting the national attainment of the Goals.

### Box 4.5: Targeting Disadvantaged Groups in Colombia

In Colombia, although the country as a whole is advancing towards the achievement of the MDGs, there are large disparities at the sub-regional level, and among ethnic groups. The indigenous people and the Afro-Colombians are typically at the bottom of the economic and social ladder. Also unemployment is hitting young people harder, and especially young women. While urban parts of Colombia are thriving, rural areas remain poor and are unlikely to achieve most of the MDGs.

The challenges for MDG attainment in Colombia reflect the burden of more than four decades of internal armed conflict. It is a major factor that explains the lack of presence of the government in some parts of the country, the difficulties many communities face in accessing goods and services, the restrictions on the exercise of political rights and public participation, as well as some shortcomings of the justice system. Along with drug-trafficking and illegal crops, the internal conflict has created a dire humanitarian situation, causing the forced internal displacement of millions. Although there are discrepancies on the most accurate numbers, it is estimated that more than 3 million Colombians have experienced forced internal displacement and live in extreme poverty conditions.

Source: Colombia Country Assessment

## CHAPTER FIVE

# THE FISCAL SPACE CHALLENGE AND FINANCING FOR MDG ACHIEVEMENTS

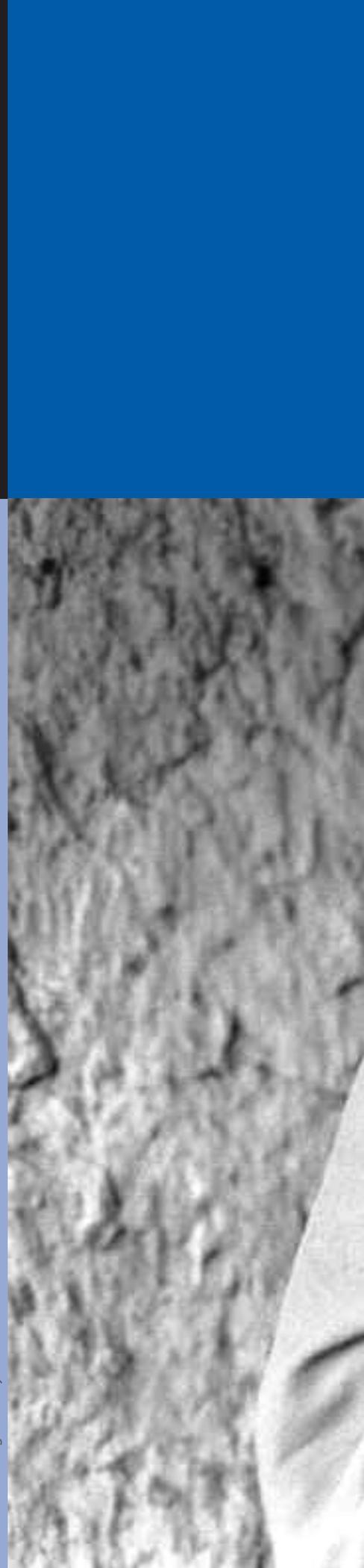
Financing the MDGs

Aid Effectiveness

Measuring the MDG Financing Gap

Fiscal Space

What Role for Fiscal Policy?



*Ramped up public investments is sine qua non for MDG achievements.*



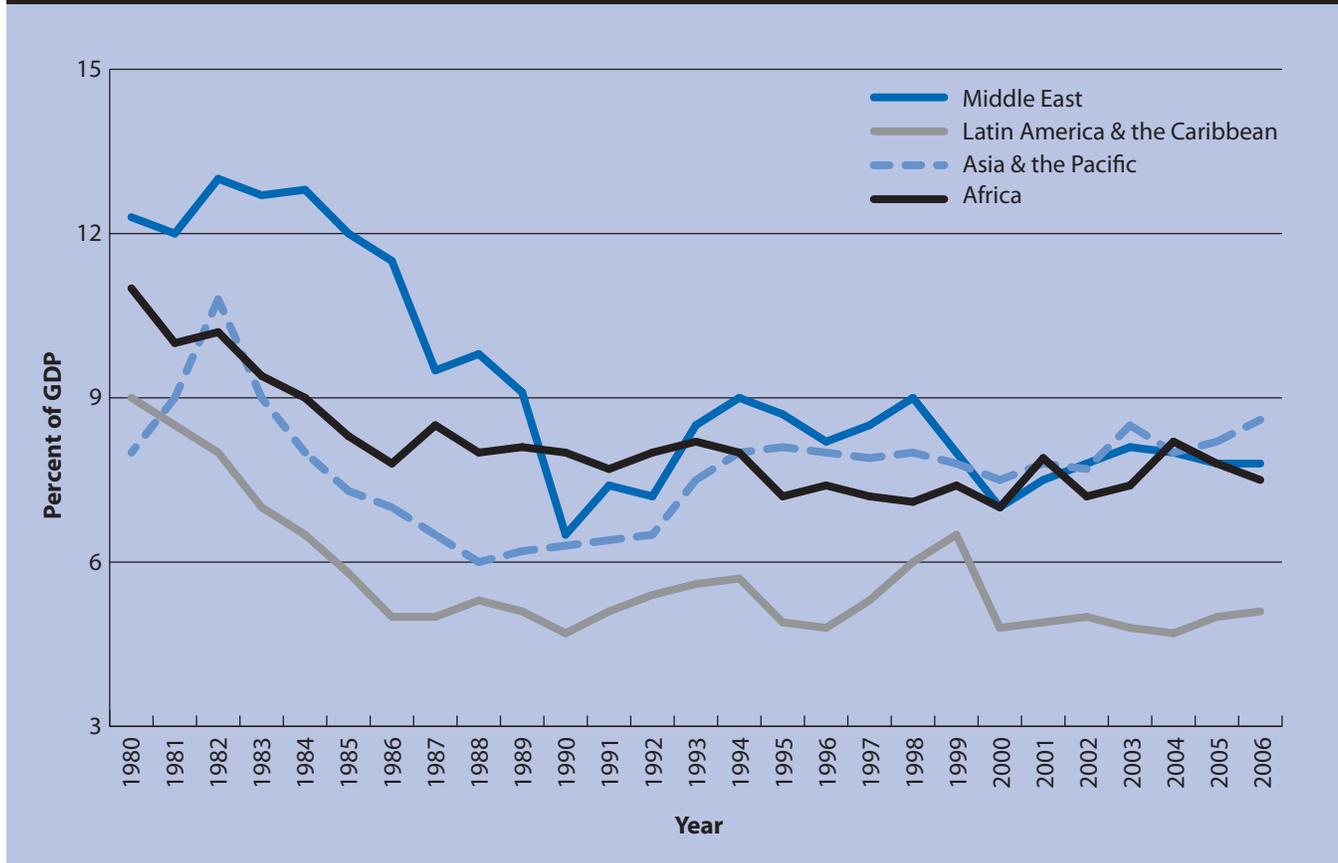
## FINANCING THE MDGs

From the very outset, the issue of mobilizing finance for achievement of the MDGs was a central concern of the international development community. Indeed, Goal 8 “Develop a Global Partnership for Development” recognized that development outcomes and MDG achievements would require enhanced international cooperation and partnerships, including the scaling up of resources for investing in MDG outcomes, especially for the least developed and landlocked countries and for the small island developing states.

The need to mobilize additional financial resources to achieve MDG outcomes was not incidental. It was often said that ramped up public investments is *sine qua non* for MDG achievements.

An incremental scaling up of public investment would not do — a quantum scaling up of investment was required. Given that the trend in many developing countries had been of declining public investments since the 1980s, this meant a reversal of the trend was needed. According to the evidence, the region most affected by declining public investment was Latin America: in Brazil for instance, public investment as a share of GDP fell from 10 percent in 1980 to 2.2 percent in 2002; in Argentina and Mexico, it fell from 12 percent in the early 1980s to 2 percent in 2000. Similar trends were observed in other regions as well (Figure 5.1). In Africa, for example, public investment as a percent of GDP decreased from 11 percent in 1980 to 7.5 percent in 2006 (Cavallo & Daude 2008).

**Figure 5.1: Public Investment by Developing Region, 1980-2006**



Source: Cavallo and Daude 2008

Further, since the poorest countries were also the ones most dependent on aid to finance development expenditures (Table 5.1), this meant that the aid practices of development partners would be an important factor in determining MDG outcomes.

## AID EFFECTIVENESS

The Paris Declaration (2005) emphasized the importance of the following principles to enhance the effectiveness of aid:

- **National Ownership and Aid Alignment:** Developing countries should set their own strategies for poverty reduction and capacity-building and donor countries should align behind these national priorities. Local systems, rather than donor or parallel systems, should be used whenever possible. The 2004 OECD-DAC Survey on Progress in Aid Harmonization and Alignment found that, on average, only about 30 percent of projects are managed according to national procedures, which include auditing, procurement, disbursement, reporting, and monitoring & evaluation systems (OECD-DAC 2005).
- **Aid Harmonization:** Donor countries should coordinate and share information to avoid duplication of activities and simplify reporting formats and other procedures using shared systems where possible. The OECD-DAC Survey noted that very few donors — less than 10 percent — are undertaking joint missions, and only 38 percent of country diagnostic reviews are jointly completed. Only about half of donors regularly share country-level analytic work.
- **Aid Predictability:** Donors should give multi-year aid commitments and timely disbursements to facilitate predictability of aid resources, which is extremely important for countries which rely on aid for a large percentage of their development expenditures. The 2004 OECD-DAC Survey found that 40 percent of donors do not provide multi-annual aid commitments and 33 percent do not make timely disbursements. In Cambodia and Mozambique, only 20 percent and 33 percent of donors, respectively, make timely aid disbursements.

**Table 5.1: Aid Dependency**

Country	Aid (% of central government expenditure)
<b>LDCs</b>	
Bangladesh	22%
Cambodia	85% (2006)
Ethiopia	81% (2002)
Lao PDR	90%
Malawi	N/A
Mozambique	N/A
Nepal	34% (2005)
Senegal	59% (2001)
Sierra Leone	148% (2004)
Timor-Leste	N/A
Togo	28%
Vanuatu	70% (1999)
Yemen	28% (1999)
<b>Developing Countries – (Non-LDC)</b>	
Bahrain	2% (2004)
Botswana	5% (1996)
Colombia	1%
El Salvador	22%
Ghana	26%
India	1%
Indonesia	5% (2003)
Iraq	N/A
Jamaica	0%
Mongolia	23%
Morocco	5%
Syria	N/A
Tanzania	N/A
<b>Transition Countries</b>	
Albania	18% (2004)
Armenia	23%
Kyrgyzstan	40%
Tajikistan	85% (2004)
<b>Average</b>	<b>37.5%</b>

Source: WDI Database, 2007, or most recent figures available

### Box 5.1: Coordinating Aid in Ethiopia

Since 2000, Ethiopia has taken significant steps to better integrate and coordinate development partnerships behind a unified national programme. All development assistance has been brought under the umbrella of a single High Level Forum made up of government and donors, with separate sub-groups for managing aid in each of the major sectors of health, education and food security. At the same time, a harmonized system of budget support has been adopted and a series of country-wide Sector Development Programmes developed. A major effort has also been made to channel all aid resources in support of a single national poverty reduction programme.

External aid remains an important source of financing. ODA increased from \$1.05 billion in 2005/06 to \$1.5 billion in 2006/07. These resources were allocated principally to infrastructure and for human resource development.

Source: Ethiopia MDG Country Assessment

Most of the assessments for countries highly dependent on development assistance highlighted the critical role of ODA and aid effectiveness in promoting MDG achievements. Much emphasis was placed on the need to strengthen aid alignment and ensure aid predictability — including multi-year aid commitments and reliable disbursements. For example, Sierra Leone's assessment notes that "lack of clear aid coordination structures to date has led to numerous challenges that constitute implementation bottlenecks ... aid unpredictability is also a concern. A lack of clearly defined multi-year commitments has made it hard to plan effectively for the medium term. Further, by withholding committed amounts of aid, (and since much of the aid was to pass through the government budget), it caused fiscal distress resulting in a larger deficit." Average annual aid inflows were equivalent to 30 percent of the country's

GDP (excluding IMF financing facilities) versus an average of 6 to 7 percent for low-income countries (OECD 2008).

ODA accounts for 30 percent of Malawi's total government's expenditure. The country assessment noted however that, "Aid alignment is a problem. Forty-five percent of ODA does not pass through the budgeting process of the government leading to the misalignment of resources."

The 2005 Paris Declaration on Aid Effectiveness represents the most comprehensive effort to date to improve aid coordination and alignment with national priorities. Slow progress has been made in meeting the Paris targets for 2010 that were set in 2005. The Accra High Level Forum on Aid Effectiveness which took place in 2008 provided an opportunity to accelerate efforts to improve the predictability of aid, and for reducing aid fragmentation and the high transaction costs in the administration of aid resources.

## MEASURING THE MDG FINANCING GAP

In the initial years, much of the emphasis when it came to the issue of financing for the MDGs at the national level was on estimating the financing gap between required investments needed for the MDGs to be achieved and available resources. A variety of methods were used to calculate the MDG financing requirements of specific countries<sup>51</sup>. These estimated "costs" for achieving the Goals also became the basis for international advocacy efforts aimed at securing additional development assistance in support of the MDGs for the poorest countries.

However, estimating the costs of implementing programmes needed for MDG achievements did not mean that finances for this purpose had been secured, or that development assistance had increased by quantum leaps. Although net disbursements of ODA in 2008 increased to \$119.8 billion or 0.3 percent of developed countries' combined national income, development assistance remained well below the

51 See Maquette for MDG Simulations (MAMS), World Bank; The Needs Assessment Method (Millennium Project). Concerns and controversies surrounding the methods and techniques used to calculate sector investment requirements remain considerable and unresolved. See Reddy 2005 and Vandemoortele & Roy 2006.

**Table 5.2: Paris Declaration on Aid Effectiveness – Indicators and targets for improving aid coordination and alignment with national priorities**

Ownership		Target for 2010
1	<b>Partners have operational development strategies:</b> Number of countries with national development strategies (including PRSs) that have clear strategic priorities linked to a medium-term expenditure framework and reflected in annual budgets.	At least 75% of partner countries have operational development strategies.
Alignment		Targets for 2010
2	<b>Reliable country systems:</b> Number of partner countries that have procurement and public financial management systems that either: a) adhere to broadly accepted good practices, or b) have a reform programme in place to achieve these.	a) Public financial management: half of partner countries move up at least one measure on the PFM/CPIA scale of performance. b) Procurement: One third of partner countries move up at least one measure on the four point scale used to assess performance on this indicator.
3	<b>Aid flows are aligned on national priorities:</b> Percent of aid flows to the government sector that is reported on partners' national budgets.	Halve the proportion of aid flows to the government sector that is not reported on government's budgets.
4	<b>Strengthen capacity by coordinated support:</b> Percent of donor capacity development support provided through coordinated programs consistent with partners' national development strategies.	50% of technical cooperation flows are implemented through coordinated programmes consistent with national development strategies.
5	<b>Use of country systems:</b> Percent of donors and of aid flows that use partner country procurement systems and/or public financial management systems in partner countries, which either: a) adhere to broadly accepted good practices, or b) have a reform programme in place to achieve these.	a) 90-100% of donors using partner countries' procurement and PFM systems, b) 1/3 to 2/3 reduction in the % of aid to the public sector not using countries' procurement and PFM systems.
6	<b>Strengthen capacity by avoiding parallel implementation structures:</b> Number of parallel project implementation units (PIUs) in the country.	Reduce by two thirds the stock of parallel project implementation units (PIUs).
7	<b>Aid is more predictable:</b> Percent of aid disbursements released according to agreed schedules in annual or multi-year frameworks	Halve the proportion of aid not disbursed within the fiscal year for which it was scheduled.
8	<b>Aid is untied:</b> Percent of bilateral aid that is untied.	Continued progress over time
Harmonization		Targets for 2010
9	<b>Use of common arrangements or procedures:</b> Percent of aid provided as programme based approaches.	66% of aid flows are provided in the context of programme-based approaches
10	<b>Encourage shared analysis:</b> Percent of field missions and/or country analytic work, including diagnostic reviews that are joint	40% of donor missions and 66% of country analytic works are joint.
Managing for Results		Target for 2010
11	<b>Results-oriented frameworks:</b> Number of countries with transparent and monitorable performance assessment frameworks to assess progress against: a) the national development strategies, and b) sector programmes.	Reduce the proportion of countries without transparent and monitorable performance frameworks by one third.
Mutual Accountability		Target for 2010
12	<b>Mutual accountability:</b> Number of partner countries that undertake mutual assessments of progress in implementing agreed commitments on aid effectiveness.	All partner countries have mutual assessment reviews in place.

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target of 0.7 percent set by the DAC members (UN 2009a). Total ODA is also far from what was committed by the G8 countries in recent summits in Gleneagles, Heiligendam and Hokkaido — which used as a basis a rough estimate of the amount needed to finance the MDGs in low-income countries, and in Sub Saharan Africa in particular. If commitments are to be fulfilled, the annual flow of DAC aid would have to increase by \$35 billion to \$40 billion by 2010 in real terms, substantially more than the progress recorded since 2000 (MDG Gap Task Force Report 2008).

Even as advocacy efforts at the global level continue to champion the need for scaled-up development assistance in support of MDG achievements, the need to identify potential sources of public finance in support of the MDGs has broadened beyond the preoccupation with ODA. Increasingly, in recent years, the focus has shifted to an assessment of how fiscal space for scaling up public investments can be amplified.

## FISCAL SPACE

The term fiscal space has been variously defined (Heller 2005, Roy et. al. 2007). Yet, its common purpose in the context of the MDGs has been to identify the public financing options available to governments in order to allow for a scaling up of public expenditures for development outcomes.

Investments in various sectors contributing to the MDGs can and should potentially come from both

the public and private sectors. In principle, these services are not strictly public goods in the sense of “non-excludability” and “non-rivalry” in consumption, and therefore, households can be asked to pay for services equivalent to the benefits they receive. However, these services, in addition to the private benefits they confer on households also have significant social benefits and therefore optimal provisioning would require significant public spending. Moreover, a considerable volume of public spending on these services is necessary to also achieve an equitable distribution of resources. Appreciable reductions in poverty and hunger and improvements in the capabilities of the poor and vulnerable will not be achieved unless the government spends a large volume of resources on social sectors, agriculture, rural development and infrastructure.

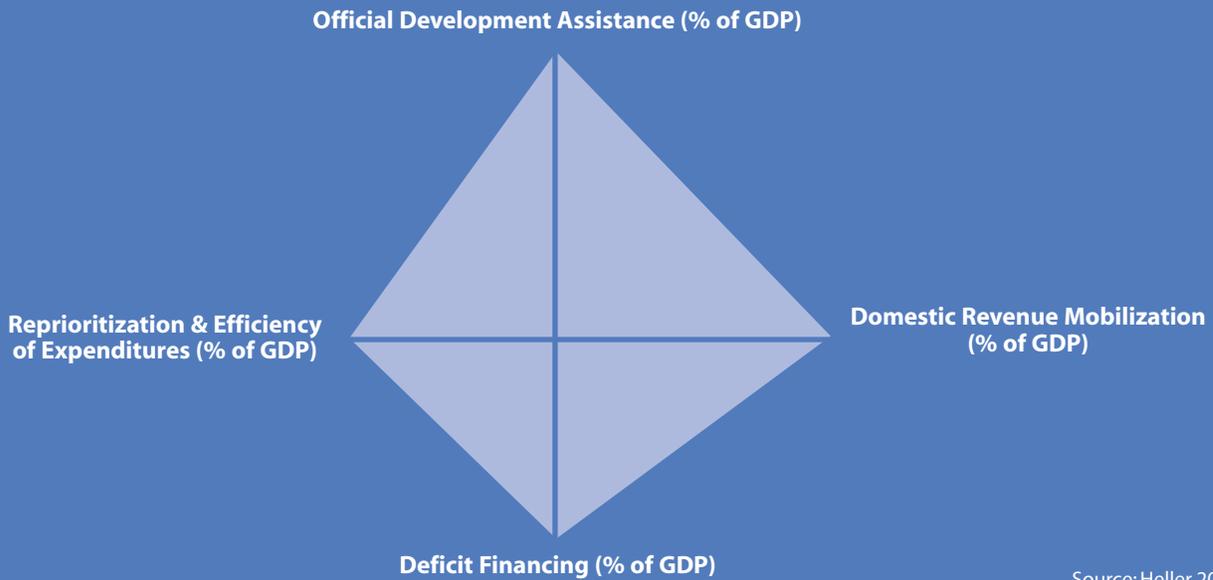
The financing strategy for achieving the MDGs, thus, entails a comprehensive mapping of potential sources of finance from both public and private sources – however, as mentioned above, public spending constitutes a predominant part of spending on sectors impacting the MDGs. The diagnostic tool for mapping different instruments that allow for a real possibility of scaling up MDG expenditures is the fiscal space diamond<sup>52</sup> (Box 5.2). The four sides of the diamond represent different mechanisms by which fiscal space can be enhanced. These are through: (a) enhancing domestic revenues from tax and non-tax sources; (b) increasing ODA including grants, concessional loans and debt relief; (c) reprioritizing expenditures, including enhancing their alloca-

52 Report prepared for the Development Committee of the World Bank and IMF, “Fiscal policy for growth and development: further analysis and lessons from country case studies”, 2007.

## Box 5.2: The Fiscal Space Diamond

The fiscal space diamond has four 'pillars' that collectively constitute the universe of avenues to secure fiscal space with the area of the diamond representing the aggregate fiscal space available in the country. The diamond does not include seigniorage (i.e., issuing new currency), which is not commonly considered to be a desirable option due to its inflationary effects. Governments can create fiscal space through the following types of fiscal instruments:

- 1) Domestic revenue mobilization through improved tax administration or tax policy reforms
- 2) Reprioritization and raising efficiency of expenditures
- 3) Official Development Assistance (ODA) through aid and debt relief
- 4) Deficit financing through domestic and external borrowing



tive and technical efficiency, and (d) financing public expenditures by borrowing from domestic and international sources.

The diamond illustrates the scope of a government to: (a) generate fiscal savings from improved allocative and technical efficiency of existing spending; and (b) to raise additional fiscal resources from new revenue measures, additional aid or new borrowing. To the degree that a country already raises a significant amount in revenue, has a high initial stock of debt, or receives high aid inflows, the scope to raise additional revenue from any of these sources would be small. On the other hand, the lower the allocative and technical efficiency of the existing

budget, and the larger the volume of such spending, the greater would be the scope for efficiency gains as a source of fiscal space. The scope for additional aid or borrowing can in principle be estimated with reference to donor commitments or debt sustainability analysis.

### Domestic Revenue Mobilization

A government can enhance fiscal space through more effective tax and expenditure policies. Taxes as a source of domestic revenue vary depending on the development context: tax revenues reached 38 percent of GDP in high income countries, 25 percent in the



UN Photo/Martine Perret

middle income countries and 19 percent in low-income countries (Roy et. al. 2007). Further, tax policies vary greatly from country to country and require detailed assessments at the country level since the level of development, trade openness and other structural factors determine the tax base (i.e., the tax potential a government can hope to collect).

The structure of the tax system also plays a role in determining the progressivity of tax and transfer policies. Progressive taxation can foster inclusive growth through redistributive income transfers and by more effective targeting to improve access of poor and vulnerable groups to public goods.

### **Reprioritization and Expenditure Efficiency**

Increasing expenditure efficiency is often suggested as the main instrument for enhancing fiscal space (Bird and Zolt 2006, Tanzi 1998). Expenditure switching and efficiency enhancing reforms can create fiscal space through a reallocation of resources from lower to higher priority sub-sectors and through productive efficiency gains. However, this should not mean that governments should simplistically earmark some percentage of their budgets to basic social services since it is difficult to specify ex ante the size of the potential gains from expenditure reallocation and the sectors where

efficiency can be improved.

The potential for additional fiscal space varies for three related reasons: (i) the scope for expenditure switching is determined by the size of the public sector; (ii) productive inefficiency can be addressed through long-term capacity development programmes that limit low income countries' ability to secure fiscal space through active expenditure switching policy over the short-run; and (iii) addressing political economy constraints to reforms is critical to improve distributive inefficiency that often represents a binding constraint to sustainable development (UNDP 2007).

Thus, improvement in the effectiveness of public expenditure calls for reforms in both policies and institutions. Policy reforms help to direct expenditures according to envisaged priorities. Reforms in institutions help to smooth the process and help in the implementation and monitoring of expenditure programmes. Capacity strengthening of the public expenditure management system is clearly important, since such reforms can enhance the scope for raising fiscal space. However, "the range of options that are available with regard to tax and expenditure policies is necessarily restricted in the short to medium term. A longer term horizon provides both a better way to consider inter temporal trade-offs and offers increased scope to shift expenditure and tax policies in ways that might be significantly more growth promoting" (Roy 2009).

### **Official Development Assistance**

ODA remains an important source of external financing for public investment (Table 5.1), especially for the least developed countries, small island developing states and landlocked developing countries and countries emerging from conflict.

While they are an important source of development finance for low-income countries, ODA flows are also highly volatile. Recent studies on aid effectiveness indicate that the developmental impact of spending by donors is weak. Since aid flows for financing development will remain important over the medium-term, donors should commit aid over the medium-term to reduce volatility and align aid with the longer-term objectives of growth, improved equity and poverty reduction.

## Domestic and External Borrowing

According to the standard definition of fiscal space, an expansion of public expenditures is only desirable when it does not compromise short-term macro-economic stability. This is also why borrowing is considered to be the least desired option for securing finance in low-income countries (Heller 2005). The condition for borrowing is set by the debt/GDP ratio since it is a measure of fiscal solvency.

Fiscal space assessments undertaken for countries in the context of financing for MDGs (Bhutan, Mongolia, Senegal and Morocco) indicate that with reforms and capacity strengthening, there is room to expand fiscal space to increase public spending for accelerated MDG achievements. The fiscal space

assessment for Bhutan noted that “improving the revenue productivity of the tax system could generate additional fiscal space by 4-5% of GDP. This however would require significant reforms on both the structure and administration of the tax system” (Rao et. al. 2008).

The country-level fiscal space assessments also reinforce the idea that there is scope for enhancing fiscal space by undertaking efficiency enhancing reforms with respect to expenditure policy and through a reallocation of resources to priority sectors. For instance, a review of Bhutan’s expenditure policy indicated that accelerated progress could be made towards the realization of poverty reduction objectives if the government redirected some resources for spending in the social sectors –

**Figure 5.2: Expenditure Trends in Bhutan (functional categories)**



Source: Rao et. al. 2008

*Without investing in the longer-term measures needed to create fiscal space, aid dependent countries would remain susceptible to falling back into debt traps.*

especially for current expenditure. Trends in expenditure in Bhutan show that declines in the expenditure to GDP ratio were lowest in the case of general administrative services and highest in economic services. Expenditure on social services decelerated sharply from 22 percent in the period 1995-2000 to 12 percent in the period 2001-2006.

Within social services, growth of both education and health expenditures in Bhutan showed sharp declines, which is a matter of concern. As the study for Bhutan notes, “a reorientation of spending allocation is necessary towards social sectors to achieve poverty reduction. As the shortfall is more in current expenditures, this should be prioritized since it is instrumental in providing immediate returns in terms of improving education and health standards” (Rao et. al. 2008).

In sum, the fiscal space assessments pointed out that:

- 1) Mobilizing additional domestic revenues in the short term would be limited since reforms needed to yield additional domestic resources require longer-term capacity development measures;
- 2) In the short to medium term, much more could be done to enhance the expenditure efficiency of public investments both through reprioritization and by promoting greater transparency in the disbursement of finances across sectors, all the way to beneficiaries;
- 3) Although development assistance would continue to be an important source of financing in the short and medium term, much more needs to be done to improve aid effectiveness and to link

development assistance more directly in support of MDG outcomes. In the long run, greater reliance on domestic resources to finance development would be key to sustaining MDG progress and achievements;

- 4) Fiscal space assessments also pointed to the important role of international financing institutions in negotiating conditions surrounding deficit financing<sup>53</sup> and debt relief as important channels for mobilizing additional finance.

The assessments for Mozambique and Malawi noted that debt relief under the Heavily Indebted Poor Countries (HIPC) initiative had expanded fiscal space and thereby allowed for a scaling up of public investments. The MDG Report for Malawi noted that “with 84% of the country’s external debt stock cancelled, the country’s annual debt service had been reduced to \$15 million, freeing up \$110 million for expenditures in priority programmes” (Malawi MDGR 2008). However, despite the fiscal benefits offered by multilateral debt relief programmes, many countries remain vulnerable to reverting back to a state of high indebtedness. “With a weak basis for revenue generation, lack of market access and other trade barriers, as well as periodic shocks, debt sustainability remains a challenge”.

Importantly, and from the perspective of sustaining public investments needed for MDG achievements over the longer term, a more fundamental revision of criteria that determine debt sustainability levels appears warranted. Without investing in the longer-term measures needed to create fiscal space, aid dependent countries would remain susceptible to falling back into debt traps.

53 See Roy et. al. 2007

Similarly, it was noted that conditions governing fiscal deficits also needed to be reconsidered since from a longer-term perspective, public investments in specific sectors would yield high returns with respect to growth and poverty reduction outcomes<sup>54</sup>. Evidence of the links between public spending and poverty reduction indicate that higher government spending on education, health, water and sanitation, housing, agriculture R&D, electricity and transport & communications all have a negative and statistically significant impact on poverty rates (Mosley et. al. 2004, Fan et. al. 2004).

Several of the country assessments noted that in the context of the current economic crisis, governments were concerned with the fiscal squeeze that could result and the implications for meeting MDG targets. Interestingly, falling ODA appeared to be less of a concern compared to falling domestic revenues on account of weak commodity prices, depressed demand and lower remittances and investment inflows. “The unfolding economic crisis will also substantially reduce the amount of resources potentially available to Yemen to fund MDG interventions as the national budget is 70 percent dependent on oil revenues and these revenues are expected to halve over the coming two years, compared to the average levels attained during 2006-2008.”

## WHAT ROLE FOR FISCAL POLICY?

For the most part, discussions on financing for the MDGs have been mainly concerned with the issue of *securing* additional finance to enable the scaling up of public investments. Yet, equally important, is the requirement for *directing* – or allocating – public investments in a manner that will best support accelerated progress towards MDG achievements.

Despite the positive intentions and statements of national planning frameworks to focus on achieving pro-poor development outcomes, fiscal policy in many developing countries in the 1980s and 1990s

largely focused on supporting the imperatives of macro-economic stabilization rather than broad-based growth and poverty reduction (World Bank 2007b). This was recently acknowledged by both the World Bank and IMF in a joint report which stated that it “concurred with the view that in the 1980s and 1990s, fiscal policy focused largely on the goal of stabilization and under-emphasized the growth objective.” (World Bank 2007b). Yet, in the context of mobilizing and directing financial resources for the MDGs, the key question to ask is how the design of fiscal policy can identify and incorporate public spending, taxation, aid and borrowing so that it may stimulate long-term growth and poverty reduction.

And, it is this disconnect that will need to be strengthened if national financing strategies are to be truly consistent with the objectives of sustaining MDG achievements over the long haul.



54 There is ample evidence that when disaggregated by sector, public expenditure (especially in infrastructure) has positive and statistically significant effects on economic growth (Barro 1991, Easterly & Rebello 1993, Aschauer 2000, Milbourne et al 2003). In general, empirical studies for developing countries find that capital expenditure, as well as spending on education, health, transport & communication can be favourable to growth (Bose et. al. 2005, Haque & Kim 2003, Adam & Bevan 2005). The extent to which these expenditures contribute to growth in any country depend on country-specific factors, including the efficiency of resource use and the quality of governance.

## CHAPTER SIX

# MOVING FORWARD: ACCELERATING MOMENTUM FOR MDG ACHIEVEMENTS



*In an increasingly interdependent world no country is immune from external shocks. Sustaining MDG achievements will require countries to adopt risk-coping and risk-management strategies to prevent setbacks, or to at least mitigate any negative effects.*



As noted in the Introduction, the principal purpose of this Report is to assess where emphasis should be placed over the next several years to support partners' achievement of the agreed Millennium Development Goals. Based on 30 country MDG assessments and related empirical evidence, this Report has assessed factors that shape MDG progress in a country, described the bottlenecks and constraints that have slowed this progress, and identified the policies, programmes and practices that have enabled rapid progress and sustained MDG achievements over time in specific countries.

Chapter one considers the processes by which the MDGs — which have now become part of the policy discourse in many developing countries — inform both national poverty reduction strategies and national development frameworks. Civil society organizations have played a key role in this regard, demonstrating that achievement of the MDGs is fundamentally related to the achievement of greater political space and voice for those affected by poverty and exclusion. By linking the relevant goals with the national and local development agenda — and by enabling deeper dialogue and a participatory process for citizens' involvement and broader engagement — civil society organizations have played a key role in making the MDGs relevant to the country context. Importantly, national ownership of the MDG agenda will be key to ensure rapid progress towards the achievement of MDG results and their sustainability.

Notwithstanding these national processes, evidence on MDG achievements indicates an enormous variation among countries. Progress is highly uneven across countries even within the same region for the different targets. Some countries appear to have made steady progress towards many MDG targets — such as income poverty, primary education and gender parity in education — whereas others have actually reversed course on some targets, even while making progress on others. Significantly, most countries appear to have made insufficient progress towards achieving the sanitation and maternal mortality targets.

In sum, it is widely agreed that despite significant advances, at current trends, most developing countries are projected not to meet many of their MDG targets. On this point, the UN, the World Bank and NGOs are in relative agreement.

Recent global developments such as the economic and financial crisis and the soaring prices of food and oil threaten to erode hard-fought gains, reminding us that in an increasingly interdependent world no country is immune from external shocks, and that sustaining MDG achievements will require countries to adopt risk-coping and risk-management strategies to prevent setbacks, or to at least mitigate any negative effects.

Chapter two takes as its point of departure the idea that the current economic crisis and volatility of global markets has exacerbated existing development challenges and has exposed the underlying vulnerabilities of many developing countries. These inherent vulnerabilities and a country's own domestic conditions, however, are more fundamental to determining MDG outcomes than are external shocks. How a country articulates its development priorities, how it reflects these priorities in policies and programmes, and how it leverages its opportunities in the global system are fundamental in charting and shaping MDG progress at the national level.

At the macro level, evidence indicates that there is much to be gained in terms of poverty reduction outcomes by pursuing broad-based, inclusive growth policies. Countries with more “egalitarian growth” experienced higher rates of economic growth and poverty reduction on average compared to other countries, indicating that broadly spread growth — where the poor are included in the benefits and opportunities provided by the growth process — is a key factor in achieving accelerated development outcomes. This is most meaningfully done when growth raises the incomes of the poor — by absorbing them into employment opportunities and raising their real income. Countries most disadvantaged in the growth, inequality and poverty nexus appeared to be the LDCs reliant on agriculture.

In the absence of broad-based growth, it was not anomalous to see that growth could bypass the poor entirely. Chronic poverty and persistent exclusion could co-exist with high growth. And poverty could be more pronounced in some regions and among certain vulnerable and excluded groups. Addressing poverty would require policies and programmes targeted towards disadvantaged groups and regions. The Report highlights the different kinds of programmes and policies that countries have adopted to overcome inequities, address exclusion and promote broad-based, shared growth.

The Report argues that a focus on broad-based growth is important not just from the perspective of achieving the goal of income poverty reduction. Higher growth often results in increased government revenues, which can enable greater spending on public services that are critical for MDG progress, including education, healthcare and public infrastructure for potable water and sanitation. While increased spending may not automatically translate into improved performance on MDG indicators, public resources can be used to accelerate MDG achievement if spent on effective and well-targeted programmes.

The design of sector policies and selection of appropriate programmes are also critical for shaping MDG progress. For instance, despite food security being a key development objective of many countries, the agricultural sector has been ignored for decades and, not surprisingly, hunger prevalence remains a challenge in many countries across different regions. The programmatic response of countries with respect to hunger mitigation has varied widely, and includes such initiatives as food for work programmes, conditional cash transfer and school feeding schemes. While a number of these have made notable contributions, hunger prevalence still remains widespread. The Report makes the point that programme selection, and its congruence and coherence with sector policy objectives, play a significant role in shaping MDG progress.

Finally, chapter two emphasizes the point that in an increasingly interdependent world, domestic policy space is itself subject to global forces and to rules governing international trade and finance. For this reason, policy coherence, especially with respect

to trade and finance, is also required at the global level to support MDG outcomes at the national level.

Chapter three underscores the critical role of democratic governance for the achievement of MDG outcomes. By emphasizing the *means* by which development goals are translated into outcomes, democratic governance addresses the *how* – the processes, institutions and systems that will help yield collectively acceptable results. The values and principles of democratic governance allow people, particularly the poor and marginalized, to have a say in how they are governed, in how decisions are made and implemented, and in how diverging opinions are mediated and conflicting interests reconciled in accordance with the rule of law. As such, democratic governance is seen as essential for both creating an enabling environment for MDG progress and for imbuing national and local institutions with systems, processes and values that respect people's human rights and fundamental freedoms: an environment where the poor can hold their leaders to account and are protected from arbitrary action in their lives by government, private institutions and other forces, and where governing institutions are responsive and accountable.

As indicated by the country assessments, governance deficits are a critical factor in shaping MDG progress, largely because many of the services needed for MDG achievements are publicly provisioned, such as education, healthcare, water access and sanitation. Governance deficits are also closely linked to weaknesses in policy and programme implementation. In many countries, national capacity constraints further weaken the implementation capacities of key institutions. Accelerated progress towards MDG achievements

*Democratic governance is seen as central to underpinning and anchoring MDG achievements and for creating the enabling environment that allows such achievements to be secured.*

will hence require bolstering the governance and implementation capacities in countries.

The focus of chapter four is on the special circumstances facing crisis and post-conflict countries as they attempt to make progress on the MDGs. It is argued that most of the problems faced by post-conflict countries appear similar to those of many poor countries that have avoided conflict. However, war-related destruction and distortions make the development challenges more onerous for post-conflict countries. Yet, the idea of seeking to reach the MDG targets can be a powerful mobilization vehicle for post-conflict recovery, in so far as the process of their achievement does no harm in terms of added conflict risk. Three specific measures can be critical in accelerating progress towards the MDGs in post-conflict settings: reducing horizontal inequalities, ensuring conflict sensitivity in MDG programming and adopting a disaggregated approach for MDG assessments.

Chapter five makes the case that from the very outset that the issue of securing finance for MDG investments has been a top priority of the international development community. Accelerated progress towards MDG achievements will require a substan-

tial scaling up of public expenditures in most developing countries from current levels. In the early years, much effort was expended on mobilizing additional ODA in support of the MDGs, especially for aid dependant countries. Increasingly, the focus is now expanding to include other dimensions of fiscal space in an effort to mobilize additional resources for the MDGs.

The country assessments have pointed to the importance of expanding fiscal space, with special focus on mechanisms for enhancing domestic revenue mobilization. Securing finance for scaling up public investments however does not in itself guarantee that MDG outcomes will be secured; this also requires prioritizing and allocating resources in ways that are most conducive for realizing MDG achievements. Additionally, for aid dependant countries, practices governing aid effectiveness are also highly important for shaping MDG outcomes.

To sum up, the enormous diversity among countries with respect to their MDG performance reflects a set of unique conditions, opportunities and constraints. Country by country, progress towards MDG achievements has been determined by three key factors:



UN Photo/Martine Perret

- Policy choices and coherence that govern how a country participates in the global economy, and whether domestic policies contribute to broad-based, inclusive growth both at the macroeconomic and sector level;
- Governance and multiple capacity deficits that undermine the creation of an enabling environment needed for securing MDG progress;
- Fiscal constraints — including both domestic and ODA — and development assistance practices that limit the capacity to scale up public investments needed to ensure MDG outcomes.

All these factors are essential for shaping MDG outcomes. Policies without effective institutions to implement them are meaningless. Policies and institutions without trained professional staff and other key resources are ineffective. Even as these factors are critical for shaping MDG results in individual countries, they are by themselves insufficient if there is no political will or national ownership of the MDG agenda. Indeed, time and again, it has been noted that if there is one overriding lesson for the achievement of development results – and for their sustainability – it is the importance of national ownership.

Accelerated progress towards MDG achievements will thus need to be tailored to reflect a country's specific constraints, opportunities and conditions. No single blueprint will do.

Evidence from 30 MDG country assessments clearly indicates that when there is political will and wide-ranging engagement with the national MDG agenda, when policy choices align with the objectives of achieving poverty reduction and development outcomes, when national processes and institutions are imbued with the practices of democratic governance and are backed by adequate functional capacities and resources, development progress and MDG outcomes are indeed possible to achieve.

For the past nine years, supporting countries to achieve the MDGs has been a key priority of UNDP. The UNDP Strategic Plan and Multi-Year Funding Frameworks (MYFF) that guide the organization's programming focus and resource outlays reflect this clearly. The MYFF states “the strategic goals in MYFF 2004-07 have been influenced by the Millennium Declaration and the Millennium Development Goals which represent the overarching

basis for all UNDP activities over this period”. In these initial years, much of the programme focus for UNDP has centered on MDG advocacy, monitoring and reporting. Such support “helps to inform national debates on the MDGs by promoting national ownership of the MDGs, establishing national dialogues to tailor the MDGs to country-specific contexts and galvanize national efforts around the MDGs” (MYFF 2004-07).

Over the years, however, the focus of UNDP's support has undergone periodic transformations reflecting a wider and deeper engagement with the MDGs. During the 2005 World Summit, a follow-up meeting to the 2000 UN Millennium Summit, representatives of 191 member states resolved to “adopt and implement comprehensive national development strategies to achieve the international agreed development goals and objectives, including the Millennium Development Goals”. For their part, developed countries affirmed their commitment to increase development assistance to the agreed target of 0.7 percent of GDP. The summit and its outcomes also marked an important shift — in that the MDGs were not merely aspirational Goals, but also operational and time-bound targets that could be the focus and objective of national planning efforts. UNDP support widened to strengthen national capacities to integrate and make operational the MDG targets in the context of country development strategies and national plans.

The UNDP Strategic Plan 2008-11 highlights the urgent need for additional efforts by the international community to make the achievement of the MDGs a reality by 2015 for all developing countries, and particularly for the least developed, landlocked developing countries and small island developing states. It emphasizes that development effectiveness rests on the principles of national ownership, effective aid management and South-South cooperation. Further, the Strategic Plan uses “inclusive growth” as its connecting theme to place particular attention on those that have been left farthest behind in a world of expanding affluence but exploding inequality.

Less than six years to the target date of 2015, in the context of a rapidly changing global environment and newly emerging development challenges, how best can UNDP invest its resources to support countries to make accelerated progress towards MDG achievements and deliver on its own strategic objectives?

Based on the evidence presented in preceding chapters, UNDP assistance could be more strategic and focused. Tactically, the focus should be on assisting countries to unlock the constraints and bottlenecks that prevent them from accelerating progress towards MDG achievements.

While it is clear that UNDP and even the broader UN system cannot carry the full weight of breaking through these bottlenecks, it is also true that existing support can be much more effective. Moving forward, it is recommended that in order to best support accelerated MDG achievements at the national level, UNDP should:

### ■ **Catalyze Partnerships for Synchronized National Action**

In light of the fact that the MDGs are now part of the national planning frameworks in many developing countries, UNDP must stand firmly behind and in support of national processes and ownership of the MDG agenda. MDG achievements will require working with politicians, civil society partners, civil servants, other UN agencies and development partners, among others. Through the appropriate brokering of ideas and partnerships at the national level, UNDP can play a catalytic role in supporting MDG achievements. As described in the Secretary-General's Road Map for the Implementation of the MDGs, a powerful but lesser known purpose of the MDGs is to mobilize "people power" in the fight against poverty and inequality. And as we take stock of how much the MDGs have contributed to reducing poverty, illiteracy and disease, it is important to recognize that the ability to galvanize millions of people around the world to hold their governments accountable on their MDG promises will be a critical deciding factor for sustaining MDG achievements.

### ■ **Employ Democratic Governance Practices to Improve Implementation Deficits**

The evidence is clear. Without effective and accountable institutions, systems, processes and political will, economic gains are not automatically translated into development outcomes or registered as MDG achievements. Democratic governance deficits – including absence of rule of law, absence of legal empowerment frameworks for the poor, political stability, accountability and corruption – undermine

both national institutions and national implementation capacities.

In post-conflict and transition countries, these deficits are even more acute. Governance deficits have been linked to poor service delivery due to a lack of coordination and design flaws; a lack of flexibility in the implementation and design of programmes; an inconsistent approach to the design of delivery mechanisms; and weak monitoring and insufficient outcome evaluations, which, if done correctly, can contribute to more effective service delivery. Governance is thus the link that translates the Goals into development outcomes. Supporting and strengthening democratic governance practices and building accountable and responsive institutions will be key to sustain MDG achievements.

Building on its considerable experience and extensive support for strengthening democratic governance processes and capacities at the country level, UNDP can play a critical role in identifying and strengthening the governance deficits of national programmes that are most strongly linked with MDG outcomes. In this context, the sharing of knowledge and experience, instruments and lessons of what has worked in the past, can be important for fostering and promoting effective democratic governance in support of MDG achievements.

### ■ **Bolster Policy Options, Policy Coherence and Programme Congruence for MDG Breakthroughs**

A large body of evidence accounting for MDG achievements points to the importance of domestic policy choices in promoting accelerated achievements towards MDG targets. Broad-based and inclusive growth policies, as well as programmes and policies to redress growing inequalities will be critical not only for making progress but also for sustaining MDG progress.

This Report has pointed to the importance of growth in the agricultural sector as essential for promoting poverty reduction. Agricultural growth depends on investments in rural infrastructure, markets, finance and research & extension, but investments in these areas have been slow globally. Discriminatory trade policies and declining ODA to this sector have not helped, and new challenges have emerged — including depleted natural resources. Policies to combat hunger and food security must focus

## *Sustaining MDG achievements will require a greater reliance on domestic resources to finance development over the longer term.*

on rural areas and communities, and must include support for small-scale farmers, increasing security of land tenure, promoting access to land for the landless, creating rural institutions, expanding financing options and removing prevailing legal and social biases against women working in agriculture. Layered safety net programmes can be important programmatic measures for addressing hunger and food security, as well as other MDG-related challenges.

Fundamentally, the poor share the benefits of growth when their incomes are increased through quality employment opportunities. There is a need for policies that target employment creation among the most vulnerable groups, including women, youth and the rural poor. Programmatic responses should go beyond skills retraining, income generation and livelihood programmes and should emphasize job creation in both the public and private sectors. Large-scale employment programmes can be effective mechanisms and should be integrated as a part of any sustainable strategy for poverty reduction.

Sector strategies and programmatic interventions — including linkages between macroeconomic and sector strategies — also need to be sharply aligned with and in support of MDG achievements. At the national level, UNDP can play a key role in promoting the learning and adaptation of practices, and of policy and programmatic interventions, that have been known to have demonstrable results. As noted in this Report, good practices typically require several layers of interventions and a considerable amount of adaptation to local contexts before they are seen as successful practices. UNDP must support national counterparts to strengthen capacities to adopt, adapt and scale up such practices.

The need for policy coherence is not just a domestic matter. As highlighted by this Report, global developments, as evidenced by the recent economic and financial crisis, volatility of commodity

prices and emerging challenges posed by climate change, all have implications for the ability of countries to make and sustain MDG progress. UNDP should advocate that risk mitigation measures — especially in the areas of commodity risk management, weather insurance and health insurance — be adopted at national levels and that development partners are mobilized to build the needed capacities to ensure that this is achieved. Further, UNDP should play a more pro-active role in the global policy arena to champion for policy coherence, and especially in those areas critical for shaping MDG outcomes in food security, global trade agreements and the global financial architecture. Agricultural trade barriers, commodity price volatility and restricted financing mechanisms all tilt the balance against making needed progress and sustaining MDG achievements.

### ■ **Mobilize and Prioritize Funding for MDG Investments**

A serious challenge facing many developing countries, and especially the least developed countries, is the fiscal constraint. Funding limitations affect the ability of countries to scale up public expenditures required for investing in MDG outcomes. For aid dependant countries, both higher levels of ODA in the medium term and enhanced aid effectiveness are necessary conditions for accelerating MDG progress. Sustaining MDG achievements, however, will require a greater reliance on domestic resources to finance development over the longer term. At the global level, UNDP should continue to advocate for enhanced ODA in support of the MDGs, as reflected through the Gleneagles Scenarios that have been prepared for several countries. Simultaneously, UNDP should strengthen national capacities to mobilize additional domestic revenues and play a more instrumental role in advocating for aid effectiveness in support of national MDG agendas.

# COUNTRY PROFILES

Albania	Lao People's Democratic Republic
Armenia	Malawi
Bahrain	Mongolia
Bangladesh	Morocco
Botswana	Mozambique
Cambodia	Nepal
Colombia	Senegal
El Salvador	Sierra Leone
Ethiopia	Syria
Ghana	Tajikistan
India	Tanzania
Indonesia	Timor-Leste
Iraq	Togo
Jamaica	Vanuatu
Kyrgyzstan	Yemen



# ALBANIA

Albania has made significant progress since it began its transition into a market-based economy in 1991, introducing structural and economic reforms and establishing democratic institutions. Strong economic growth of 5 to 6 percent per year along with high workers' remittances have helped reduce poverty from 25.4 percent in 2002 to 18.5 percent in 2005 – effectively lowering the country's poverty rate by more than a quarter in just a few years.

The MDG agenda is at the center of the national development process in Albania. Along with reductions in overall poverty, the government has worked to improve conditions for the most vulnerable and has succeeded in lowering the extreme poverty rate from 4.7 in 2002 to 3.5 percent in 2005, thereby putting the national target of zero percent by 2015 within reach. But high unemployment levels remain a challenge, as does reducing poverty outside Albania's urban areas, as one in four people in rural and mountainous regions live in poverty.

Albania has made improvements in net primary school enrolment, but lost ground in primary completion rate indicators between 2006 and 2007.

In the area of gender, the government has enacted the Gender Equality Law and adopted the National Strategy for Gender Equality and Domestic Violence. However, while progress has been made in women's employment in non-agricultural sectors, inequalities remain significant between women and men: poverty reduction has been slower for women, employment opportunities are uneven and the number of women in Parliament in 2007 has been unchanged since the 2005 elections, and remain far from the target.

Infant mortality has been decreasing, and if the current pace can be maintained the target will be reached by 2010. The under-five and maternal mortality targets look also to be met, aided by the fact that all births are attended by skilled personnel. Despite this, there are serious disparities in health status among marginalized populations.

Albania is fortunate to have a low number of people affected by HIV, but the number of people taking voluntary testing is also low, and presents a challenge. Tuberculosis indicators also show a decline in the number of cases in recent years.

The country's protected land area has increased and in 2007 represented 11.4 percent of Albanian territory. But despite the improvement, it was still below the national target of 13.6 percent. And while progress has been made in increasing the provision of safe drinking water and sanitation — with 78.4 percent of the population having access to potable water and 76.2 percent benefiting from improved sanitation – drinking water safety and supply shortages, as well as the pollution of lakes due to untreated sewage disposal, remain important concerns.

## Constraints and Risks

The government remains challenged in the delivery of basic services, which are impeded by weak capacities, inadequate quality and insufficient resources of public institutions. Ongoing health and education challenges persist, and internal migration into the larger urban centers has resulted in deteriorating access to essential services, including birth registration, school enrolment, immunization and other child health services.

Albania needs to ensure that a single national standard for MDG data collection is developed, and applied efficiently across all regions and sectors. The system for monitoring gender equality, for example, is in place, but limited resources restrict effective monitoring, and data collection on safe drinking water and sanitation remains weak in rural and suburban communities.

The government is looking to adopt an even more challenging set of MDG targets — called MDG plus – that are more ambitious, realistic and closely aligned with the EU accession process. There is a need to link the MDG indicators with the more complex monitoring system used in the EU countries.

## Localizing MDGs

Even in small countries like Albania, different regions can present their own development challenges. The Kukes region, the poorest in Albania, offers a good example of this and of a national response. The programs designed to implement the Kukes MDG Regional Development Strategy have worked to improve living conditions and opportunities for vulnerable groups. Priority efforts have focused on rehabilitating and constructing rural roads, electricity infrastructure, water supply and sanitation and sewerage systems. Community health centers and education facilities are also being built and upgraded, as are local markets for small trade. The effort has also increased women's participation in community-based organizations, local decision-making processes and in public debates.

After a period of significant decline in the 1990s, Armenia benefited from accelerated growth that averaged 10 percent from 2001 to 2008. Although poverty levels dropped by almost half since 1999 and a quarter of the population lived below the poverty line in 2007, the risk now is of poverty indicators deteriorating due to the effects of the current economic crisis and revenue shortfalls. The government is trying to assist hard hit groups and provide social support through such national efforts as the Family Benefits System.

Armenia's draft second MDG report shows that the country will likely not meet the goals related to universal basic education and child malnutrition, and others, including under five mortality, improving maternal health, environmental sustainability and MDG 8, also present great challenges, and will require special attention from the government and development partners<sup>55</sup>.

In the area of health, some recent statistics are particularly worrisome: infant mortality rates are three times higher among the poorest Armenians compared to the wealthiest, and neonatal mortality accounted for more than 75 percent of infant deaths in 2006 — up from 60 percent in 2000. Health service utilization is considered low compared to the CIS average, and access by vulnerable populations inadequate. The availability of family planning is limited, and incentives are lacking to attract health workers to remote rural areas.

The CIS region also has the fastest growth of the HIV epidemic within the 'most-at-risk' populations, according to WHO/UNAIDS classification. With the increase of migration flows from other CIS countries, the HIV situation in Armenia risks becoming further aggravated. Measures to improve HIV awareness, among youth in particular, are needed to help prevent further spread of the virus.

While Armenia has been challenged in meeting some national MDG 2 targets, it is thought that the goal could be achievable with increased spending on education — which was 2.6 percent of GDP in 2007; but it is unlikely to reach the national target of 4.5 percent of GDP spending needed for education by 2015. Regional inequalities in access to education, and in education quality, also present a major concern, with shortfalls identified in the quality of secondary education.

In the area of the environment, Armenia faces the challenges of over exploitation of pasture lands and growing pollution due to urbanization; and the provision of improved sources of safe drinking water and sanitation treatment in the country's rural areas has also been slow. Recent changes in environmental legislation are aiming to help address some key issues, including water resources management, natural resource conservation and climate change adaptation.

In the area of gender, progress in expanding opportunities for women is lagging. The government however is taking steps to make improvements. It adopted the National Action Plan on Improving the Status of Women, 2004-2010, and has approached UNDP for support in drafting a Gender Equality Law.

## Constraints and Risks

Current indications are that the global financial crisis could slow the pace of economic growth in Armenia in 2009 by up to 8 percent. Armenia could experience a drop in important remittance flows and declines in exports, and particularly of mining products. A revenue shortfall could threaten to reduce much needed social expenditures and roll back hard fought progress — including, by some estimates, 3 to 5 years of gains in poverty reduction.

Vulnerable groups, including the poor, disabled and refugees, are being hard hit by gaps in economic and human development. Exclusion, difficulties in accessing health and education services along with social stigmas and discrimination continue to present MDG obstacles.

Climate change is also predicted to constrain economic development. Armenia's rivers and lakes are critically important for irrigation and hydro-electric power. A 25 percent reduction in river flow is expected to result in a 15 to 34 percent reduction in the productivity of irrigated cropland, with losses in the agricultural sector estimated from \$180 million to \$405 million — equivalent to 2 to 5 percent of GDP.

Armenia is undergoing a difficult transition from the former Soviet Republic and is striving to develop effective national institutions needed to thrive in the globalised economy. The government remains committed to continuing a decentralization process and to strengthening self-governance bodies as a dimension of its public administration reforms. However current trends indicate it will be unable to meet MDG 8 targets related to such areas as government effectiveness, freedom of the press and rule of law.

<sup>55</sup> Armenia's latest published MDG Report (2005) shows that MDG 1, 2, 6 and 7 are on track, MDG 3 and 4 are off track and MDG 5 is possible to achieve if changes are made.

# BAHRAIN

The Kingdom of Bahrain is a high income, high human development index country with an open and diversified economy largely influenced by the oil-dominated regional economy. As with other countries in the region, Bahrain's interest in the MDGs initially involved preparing MDG reports and monitoring global targets to show national achievements. Bahrain is now in the process of tailoring the MDGs, putting more emphasis on the national context and priorities and using the MDGs as a tool for policy formulation, planning and prioritization.

Recent reporting has indeed shown that Bahrain has met or is on track to meeting the targets related to extreme poverty, education and health. The government has implemented a number of policies to advance MDG 1, including a national strategy to assist needy families and increase the level of social assistance per individual and per family. It is also supporting the work of NGOs through the National Social Action Fund.

Free education is provided to all, enabling Bahrain to achieve a literacy rate of nearly 100 percent. Enrolment in secondary school reached 83.2 percent in 2005/06, with increasing participation of girls in school.

Bahrain has also made progress in improving gender equality, positively affecting the entrance of women into the labor market and for taking up leadership positions in political and civic forums— including in the cabinet and diplomatic corps. However significant social and cultural barriers persist in the political, economic and institutional advancement of women, and their employment levels lag behind that of men.

In the health sector, a decrease in under-five mortality from 11.4 per 1000 live births in 2000 to 10.1 in 2005 results from a remarkable progress in services, including immunization programmes and regular medical check-ups for young children. The government has had success in eliminating malaria, measles, smallpox and hepatitis, and in reducing deaths from tuberculosis by more than two-thirds between 1996 and 2006. The threat of HIV, while perceived as minimal, is still present.

## Constraints and Risks

But in spite of Bahrain's overall progress, important challenges remain. In the area of the environment, the country's population density is among the highest in the world, and with limited surface area and rapid population growth, it presents an obstacle for Bahrain. Achievement of MDG 7 targets are not on track.

Data collection and monitoring have been uneven, presenting challenges in gauging MDG progress. While data is available for the majority of the goals, for some it is not, as is the case in some environment areas. Bahrain is currently enhancing its national monitoring system to better gauge all indicators that are included in its Vision 2030 plan, which outlines the future path for the development of Bahrain's economy and society.

High on the minds of government officials is the threat of climate change, as a sea level rise of one meter is expected within 100 years. Bahrain, an island state, has the majority of its land sitting within five meters above sea level. A one meter rise in sea level could submerge up to 40 percent of Bahrain's land area; and even an incremental rise would threaten important coastal habitats and infrastructure. The government is working to implement policies to mitigate the adverse consequences of climate change, aimed at increasing land protection and reclamation efforts in vulnerable areas.

A number of constraints have been identified that have affected the government's progress, including the lack of effective planning and coordination, weak institutional capacities and coherent and sustainable political will.

One of Bahrain's successes has been its employment policy enacted in 2006, which has had a visible impact in reducing the unemployment rate to less than 4 percent of registered employment. The country's unemployment benefit system and job bank were put in place ahead of the financial crisis, and has ensured that the country was well-prepared. The ILO took note of Bahrain's effort in this area, and in a recent policy paper noted that Bahrain is the only country in the Middle East which offers unemployment insurance benefits. "The unemployment insurance scheme provides income support to the unemployed, including first-time jobseekers, and facilitates their reintegration into productive employment, and as such, provides an essential safeguard against the repercussions of economic shocks," the ILO wrote. "The Bahraini experience has provided a noteworthy model for the region, and there are already some indications that other countries are considering following this example."

Bangladesh has made notable gains towards achieving the MDGs, and is on track for early attainment of some of the goals. However progress remains mixed and more effort by the government and its development partners is needed. The country has been successful in achieving gender parity in primary and secondary education and in reducing child mortality, but lags behind in adult literacy, reducing maternal mortality, access to safe drinking water and in primary school completion rates.

Overall, poverty rates in Bangladesh have been dropping, with the number of Bangladeshis living in poverty decreasing from 58.8 percent in 1991-92 to 38.3 percent in 2007. But the global financial crisis and its possible effect on remittances could present difficulties for the government, and challenges persist regarding regional disparities. The poverty rate in Dhaka, for example, was 32 percent, compared to more than 50 percent in Barisal and Rajshahi. The incidence of extreme poverty is also higher among female-headed households.

In the education sector, primary school enrolment increased from 60.5 percent in 1990 to 91 percent in 2007 – reflecting also a significant improvement in enrolment of girls, which rose from 50.8 percent to 94.7 percent. Much of the gains in female enrolment can be attributed to the Primary Education Development Programme, which has helped to increase school participation and access. These achievements have put Bangladesh on track for meeting targets under MDG 2; however the government has little room for complacency due to challenges in adult literacy, primary school completion rates, school infrastructure and human resource needs.

One notable education effort, the

Food for Education Programme, was introduced in 1993 to compensate poor parents for the opportunity cost of sending their children to school. It provided food rations to 20 percent of poor primary school children in targeted rural areas, helping to increase school enrolment and attendance and prevent child labor. About 2.2 million disadvantaged students benefited from the initiative; in 2002, it was replaced by the Cash for Education Grant System, which provides stipends to about 5.5 million school children from poor households.

While improvements in gender parity in school enrolment are noted, gender challenges persist in Bangladesh — including the need for more women in higher levels of education and in Parliament, ending violence against women and increasing non-agricultural wage opportunities.

One of the main challenges facing Bangladesh's health sector is the high neonatal mortality rate, resulting from a lack of skilled delivery attendants. And despite interventions under the National Nutrition Project, low birth weight and malnutrition persist and are important causes of infant and under-five mortality.

In the area of maternal health, the government is working to expand the use of modern healthcare across all segments of the population. While it has made some progress in reducing maternal mortality — from 574 per 100,000 live births in 1991 to 320 in 2001 — challenges remain, as estimates show that about 85 percent of childbirths still take place at home.

In the fight against HIV/AIDS, limitations in data on prevalence rates has been an obstacle to tracking progress, while social stigma and cultural barriers contribute to relatively low participation in HIV prevention programmes; regional and gender disparities in awareness about the disease also presents an obstacle for healthcare administrators.

In the environment sector, improvements in safe drinking water and sanitation coverage have contributed to a drop in the mortality rate from diarrheal disease, but water-related ailments continue to account for a large percentage of deaths in Bangladesh.

Bangladesh's forest area of 11.3 percent is much less than the target set by the government, and at 0.02 hectares of forest land per person, the country has one of the lowest forest-man ratios in the world. The government has safeguarded 19 Protected Areas — which represent about 2 percent of the country's land mass, and has moved to protect eight other ecologically critical areas.

## Constraints and Risks

Bangladesh's economy depends heavily on worker remittances, which could be threatened by the current global financial crisis. Returnees forced back home and in need of work could add to the unemployment rate and increase the challenge of employment generation in Bangladesh. In addition, four-fifths of Bangladesh's exports go to developed country markets; falling demand resulting from the global slowdown could impact national revenues, employment levels in export-oriented sectors and spending on social programmes.

Bangladesh, already vulnerable to climate related natural disasters, looks at changing weather patterns with great concern: a sea level rise of 0.18 to 0.79 meters would lead to salinity intrusion and coastal flooding, while shifting climate patterns would increase the frequency and intensity of natural disasters, especially in vulnerable northern and western parts of the country.

# BOTSWANA

Botswana is widely regarded as a development success, having transformed from one of the world's poorest countries since its independence in 1966 to achieving upper middle-income status with a well-developed physical and economic infrastructure and wide access to public services. In 2008 Botswana was identified as one of 13 countries — and the only one in sub-Saharan Africa — to have sustained high economic growth over decades, averaging 9.7 percent since the 1960s. In 1994, Botswana became the first country to graduate from Least Developed Country status.

Botswana owes its development success to its rich mineral deposits coupled with effective institutions and governance practices. Economic growth and political stability have been accompanied by expansion in access to basic services and have helped the country's efforts towards the MDGs, where it is on track to meet most of the goals.

The government was planning its own socio-economic targets before the Millennium Declaration in 2000. Botswana's 2004 MDG report notes that the eight MDGs are "matched" with the seven pillars of the country's Vision 2016 that was adopted in 1997.

Given the progress Botswana had already made in halving poverty, the government set a more ambitious goal of reducing the poverty rate to zero by 2016. From 1993/94 to 2002/03 poverty dropped by more than a third, from 47 to 30 percent. But achieving full poverty eradication will depend on a number of factors, including the efficiency of growth in reducing poverty and high levels of unemployment.

Botswana's unemployment rate was 18 percent in 2005/06, with joblessness particularly high among youth. For Botswana, high unemployment is symptomatic of an economy dependent on the extraction of minerals and struggling to diversify its employment base.

The country also set a higher target in education aimed at achieving universal primary and junior secondary education by 2016. The country's net primary enrolment rate reached 100 percent

in 1999 and 2000, with gender parity achieved at the primary, secondary and tertiary levels. Advances have resulted from a number of special measures, including the elimination of user fees, strengthened institutional capacity to reduce supply constraints and a reduction in the average distance to school.

Botswana has also made progress in increasing the proportion of women employed in non-agricultural sectors, which rose from 38 percent in 1995 to 42 percent in 2006. However the government is still challenged in meeting some gender targets as the proportion of women in Parliament declined from 18 percent in 1999 to 11 percent in 2004.

In the health sector, the country has seen increasing levels of child mortality, which rose from 17 per 1000 live births in 1998 to 26 in 2006; and the under-five mortality rate has followed a similar path. But on a more positive note, infant mortality has been improving, likely benefiting from efforts to prevent transmission of HIV from mother to child during pregnancy. The maternal mortality rate of 167 per 100,000 live births in 2006 is still high, challenged by a high prevalence of HIV among women at reproductive ages.

The country's health related targets are impacted by HIV, in general, as Botswana remains at the epicenter of the global HIV pandemic. But there have been some positive signs as HIV prevalence remained largely unchanged from 2004 to 2008. The stabilization should be seen in the context of the extensive rollout of Anti-Retroviral Treatment (ART) and behavioral changes regarding safer sex practices among youth. A high incidence of tuberculosis however persists, as AIDS reduces resistance to tuberculosis and other diseases.

Botswana is an extremely arid country and water is scarce, but the country is on course to ensuring universal access to safe drinking water, with 98 percent of the population having access in 2000. But access to both potable water and adequate sanitation lags behind in rural areas.

## Constraints and Risks

A number of MDG indicators, while encouraging, also mask disparities according to sex, age and geography. Botswana has high levels of income inequality, evidenced by a poverty rate that's about 10 percent in cities and nearly four and a half times that in rural areas. Gender-based violence is on the rise, including rape and 'passion killings'.

Botswana also suffers from human resources and capacity constraints that impede implementation of development programmes, and data collection systems need to be strengthened for improved MDG monitoring.

The global financial crisis also presents risks for sustaining MDG progress. With a small open economy heavily dependent on commodity exports for its revenue, Botswana has already been severely affected by an ongoing slump in global demand.

## National Programmes

The country's Vision 2016 has targeted a number of interventions aimed at furthering MDG achievement, including:

- *Botswana's Social Safety Net* programmes include universal and non-contributory pensions to seniors, supplemental feeding for the vulnerable and school children and labor-based relief as well as food, education and clothing to children who have lost one or both parents. One third of all households in Botswana are estimated to have benefited.
- *The National Anti-retroviral Treatment Programme* distributes drugs, dietary information and food baskets to people living with HIV. The initiative has averted an estimated 53,000 deaths from 2000 to 2007 and has reduced by about 40 percent the number of children who have lost one or both parents.
- *The Prevention of Mother to Child Transmission Programme* provides drugs to HIV-positive pregnant women and formula feed to babies who have been exposed to HIV. An estimated 10,000 child deaths have been averted from 2002 to 2007, a result directly attributable to the expansion of the programme.

In spite of recording high levels of growth in recent years, Cambodia has been unable to distribute the benefits of this growth equitably across society, resulting in a rise in inequalities: from 1994 to 2004, while poverty declined in rural areas by 22 percent, that's only half of the 44 percent drop experienced in urban areas outside of Phnom Penh — and much lower than the 60 percent drop in poverty in Phnom Penh itself.

With less than six years to go until the 2015, Cambodia faces obstacles in its quest to achieve the MDGs, not the least of which is the high rural poverty rate: in 2007, 92.7 percent of the nation's poor lived in the country's rural areas, a rise from 91.6 percent in 2004.

Cambodia has been making progress and is on track for achieving the MDGs related to lowering the incidence of HIV/AIDS, malaria, dengue fever and tuberculosis, and for improving child mortality. It is also likely to achieve its targets under the country's MDG 9, which focuses on de-mining, unexploded ordnance (UXO) and victim assistance.

If positive changes are made, it may be possible for Cambodia to meet the targets related to poverty and hunger, the environment and gender equality; however, regarding the latter, if the issue of domestic violence is not vigorously addressed targets related to gender equality may also fall into the "off-track" category. Even with drastic changes, the goals related to improving maternal health and achieving universal basic nine year education are unlikely to be met.

### Constraints and Risks

A key challenge confronting Cambodia is the country's pronounced level of inequality — the consequences of which are particularly felt in poorer rural areas where much of the population resides. The rise in living standards has been most evident in urban areas and among the richest quintile; the extremely poor — the bottom 20 percent who live below the food poverty line — have experienced significantly slower growth in real consumption than the "normal" poor.

The share of the lowest quintile in national consumption fell from 8.5 percent in 1993 to 6.6 percent in 2007 — well below the 2010 target of 10 percent, and revealing an important reversal and negative trend. The difference in share of consumption between the richest 20 percent of Cambodians and the poorest 20 percent points to a widening gap in wealth, as figures show that almost half the country's total consumption is enjoyed by the richest 20 percent.

In the area of MDG monitoring, the country lacks a consistent and logical data collection framework, and the capacities to perform simple analyses and translate these into effective policies and programmes.

The country has also not been immune to the global economic crisis: Cambodia has suffered significant job losses since 2008 in the important tourism, textiles and construction sectors, and there are concerns that the rise in food prices will reverse recent gains in lowering poverty levels.

### National Programmes

The political platform of the country, called the "Rectangular Strategy", which is now in Phase II, addresses several areas of reform, such as combating corruption, judicial and legal reform, public administration reform and reform of the armed forces, including demobilization. It identifies four priority areas: enhancing the agriculture sector; rehabilitating and constructing physical infrastructure; private sector development and employment generation; and capacity building and human resource development.

The strategy is operationalised by the National Strategic Development Plan (NSDP), which is the country's poverty reduction strategy. Twenty-eight of its 43 targets are in fact MDG targets. The NSDP states that poverty reduction is the government's foremost priority, but that achieving it depends on other goals involving political and social stability, rule of law, public administration reform, infrastructure development and equitable macro-economic growth.

Recently approved programmes aim to speed progress in net primary school enrolment and retention rates, and expand access to educational services in underserved communities; in the health sector, initiatives include providing food to people living with HIV, orphans, vulnerable children and tuberculosis patients, and on providing comprehensive support for the rural poor and vulnerable groups in key health areas.

# COLOMBIA

According to the 2009 Global Human Development Report, Colombia is ranked 77th among 182 countries on the Human Development Index and has a relatively high HDI of 0.807. Nevertheless, many Colombians continue to live in extreme poverty. With a Gini coefficient of 0.585, Colombia is one of the most unequal countries in the world.

While Colombia is on track with meeting some of the MDGs at the national level, inequality threatens its achievement for some groups and regions within the country. Inequality is manifest in many ways: among regions, between the rural and the urban sector, along the lines of gender, age, and population groups. For this reason, it is very likely that some regions will see all goals unmet.

Nine MDG indicators are seriously at risk to be unmet in Colombia:

- Income poverty, because the reduction of poverty has not benefited from economic growth experienced in the last few years;
- Preschool education, in its full cycle only reaches 48.9 percent of eligible children;

- Pregnancy among adolescents, the goal is to keep it below 15 percent, however it has been increasing and now affects over 20 percent of women between the ages of 15 and 19;
- HIV-AIDS, a phenomenon for which little data is available, but where existing data shows an increasing incidence among women;
- Gender equity, because despite higher academic performance, women continue to not have the same opportunities to access managerial posts, wages, political positions than men, and continue to be victims of intra-household violence and displacement;
- Slum dwellers and temporary housing, 16 percent of Colombian households still live in degrading conditions
- Rural water and basic sanitation, where coverage is just above 65 and 58 percent respectively

## National Programmes

The government approved a National Public Policy document for the achievement of the MDGs, and these are one of the three International Cooperation priorities. The "Red JUNTOS" strategy for the eradication of extreme poverty is "an integral and coordinated intervention of the various actors and levels of the State, that aims at improving living conditions of the households in extreme poverty, and to have these households generate their own incomes in a sustainable way."

The programme has already helped 1.5 million impoverished households, of which 300,000 are victims of forced displacement. The government also provides support through *Familias en Acción*, a programme within the social security network that provides conditional cash transfers.

UNDP Colombia is working to improve the quality and the impact of public policies on the MDGs. Currently the Country Office works in 5 pilot departments (Cauca, Cesar, Cundinamarca, Nariño and Santander) and two cities (Soacha and Cartagena) and 70 municipalities, with the "Millennium Municipalities" programme. This pilot programme has high strategic importance to the departments involved. In 2009, UNDP Colombia supported the design and implementation process of 11 public policies for the achievement of MDGs. These policies will mobilize a total of nearly \$350 million (originating from national resources as well as other donors). The funds will be invested towards the needs of the most vulnerable population groups within the selected intervention areas.

El Salvador is a lower middle income country that emerged from its decade-long civil war with a strong economic reform programme that brought important social gains in the 1990s — including cutting levels of extreme poverty and improvements in basic education enrolment, infant and maternal mortality, access to reproductive health services and access to safe drinking water. But progress towards the MDGs slowed after 2002, following the coffee crisis and the effects of the 2001 earthquakes. While growth has resumed to about 4 percent in recent years, the government is challenged by growing inequalities and the financial and social costs of crime and violence.

According to MDG data, key national targets where the country is lagging include reducing the prevalence of underweight children under five, and improving primary education retention rates and gender equality.

The lack of reliable and continuous data has been an impediment for effective MDG monitoring in El Salvador. A census conducted last year was the first since the end of the country's civil war; it revealed that most of the demographic projections previously relied upon were inaccurate.

According to recent data, the highest poverty concentrations are found in rural municipalities near the Honduran and Guatemalan borders, and the added hardships associated with displaced populations are still being felt as many of the displaced have yet to return to their place of origin.

The country continues to be challenged by civil insecurity and violence, persistent inequalities and gender disparities, and the threat of devastating earthquakes and hurricanes — which in 2001 set human development back by up to 10 years in some municipalities, according to the UN.

The financial crisis also poses multiple risks to MDG progress in El Salvador. Remittances are an important part of the country's economy, and while the fall in remittances has not been as severe as expected, the threat still looms. The economic crisis has also put pressure on the government to divert resources from social programmes to policies of economic stabilization and rescue. The crisis threatens gains made in MDG 1 through a rise in urban poverty, job loss and reverse migration.

Changing weather patterns also pose serious risks for El Salvador. According to the Intergovernmental Panel on Climate Change, agricultural productivity in the region could fall by up to 15 percent due to shifts in temperature and rainfall patterns; and the risks of natural disasters and their catastrophic consequences would be heightened.

## National Programmes

An important national effort currently underway that cuts across several MDG targets is RED SOLIDARIA, which is helping improve social and economic conditions in El Salvador's poorest municipalities. It includes a conditional cash transfer programme, support for school and health facilities and financing for basic infrastructure such as water, sanitation and electricity. Additionally, it is providing micro-finance and capacity development for much-needed employment generation. The programme has been instrumental in tackling extreme poverty in remote parts of El Salvador, and has received support from several donors and UN agencies. Currently, UNDP is assisting the government in scaling up the initiative.

Other national interventions have focused on job creation through rural infrastructure projects, and on social protection and safety net programmes to help mitigate the effects of the economic crisis on laid-off workers and vulnerable groups.

# ETHIOPIA

Ethiopia has made some notable gains towards the MDGs, supported by strong economic growth in recent years, which was more than 11 percent from 2004 to 2008. However the effects of drought, the global financial crisis and the unpredictability of ODA present challenges to its continued growth and progress.

Ethiopia's poverty levels are improving in terms of numbers and severity, with the poverty rate dropping by nearly 7 percent — to 38.7 percent — from 1996 to 2005. But success has been uneven with poverty posing a greater challenge in urban areas with increasing inequality. In rural communities, the government's pro-poor initiatives have played a role in improving living conditions through extension programmes for small-scale agriculture, food security programmes and productive safety net schemes.

The country has made significant progress in achieving most education targets. The number of students in primary school increased to 14 million, reflecting a gross primary enrolment ratio of 91.6 percent in 2006/07, up from 37.4 percent in 1995/96.

Ethiopia has also taken steps to raise the status of women, resulting in the enrolment of more girls in school and improved women's healthcare. The government has adopted economic programmes to be more responsive to women, including agricultural extension and small business promotion, and has also enacted legislative reforms to protect the rights of and open opportunities for women, including the National Plan of Action for Women.

Ethiopia's National Child Survival Strategy has focused attention on improving the under-five mortality rate and on diseases that affect children and the poor. Rates of immunization have increased four-fold since the early 1990s, helping Ethiopia become one of the few African countries to achieve an increase of more than 50 percent in the proportion of children immunized against measles.

The government is also taking steps to improve maternal mortality and child health, and is increasing health services for mothers and young children and expanding coverage in rural areas. Two national programmes have helped support the government's efforts: Making Pregnancy Safe, and Integrated Management of Childhood Illnesses.

Ethiopia has demonstrated its commitment in the fight against HIV by expanding health facilities and introducing national prevention programmes along with a clear policy to supply Anti Retroviral Treatment (ART) to AIDS patients. It has achieved the goal of halting the rise in the prevalence of HIV, and appears to be experiencing the beginnings of a decline.

A large population of 75 million on a fragile resource base makes environmental sustainability a critical issue for Ethiopia, as the majority of the poor depend on the environment for their livelihoods. Three key elements define the environmental challenge in Ethiopia: access to safe drinking water; reversing soil and forest degradation; and improving conditions of urban slum-dwellers.

## Constraints and Risks

Although Ethiopia has made some important progress, there is a need to ensure that the benefits of economic growth are more widely distributed in both urban and rural areas, and that increased inequalities are addressed which could otherwise threaten gains already achieved.

The unpredictability of ODA has also been cited as a short and medium term challenge. Ethiopia continues to face increasing unpredictability of foreign aid and a lack of commitment to harmonization, just as more ODA is needed for poverty reduction and MDG efforts. In addition, despite a greater emphasis on building national capacities, continued weak capacity levels remain and constrain programme implementation.

## National Programmes

Ethiopia has taken decisive steps to ensure that its MDG efforts stay on track. It has formulated the PASDEP, its Five-Year MDGs-based Medium-Term Development Plan, and implemented several key national initiatives, including:

- The Agricultural Development Led Industrialization Strategy, which aims to put agriculture at the center of the country's development and enhance the productivity of small farmers and to improve food security.
- The Productive Safety Net Programme, which targets the chronically vulnerable and food insecure, helping them to improve their livelihoods and build assets. The programme has targeted more than eight million chronically poor and vulnerable households in 287 districts.
- The Ethiopian Health Extension Programme has deployed health workers to the lowest administrative levels. One initiative, a campaign to immunize children against measles, diphtheria, pertussis and tetanus, dispatches specialized traveling medical teams and has helped increase immunization rates by four-fold since the early 1990s.

Ghana's experience with growth and poverty reduction is an important success story in Africa. The country's impressive growth has averaged over 5 percent since 1984 and was more than 6 percent in 2006/07, allowing for greater investments in poverty reduction and social programmes. From 2001 to 2005, poverty related expenditures increased from 4.7 percent to 8.5 percent of GDP.

Ghana has made progress integrating the MDGs into its development policy frameworks and poverty reduction strategies. Regarding MDG 1, it has succeeded in almost halving the country's poverty rate and has lowered the number of absolute poor from 7.9 million in 1991/92 to 6.2 million in 2005/06. However, rising inequality presents an ongoing challenge for the government.

Performance on indicators related to malnutrition is improving, suggesting that Ghana could reach the MDG target of halving the number of people suffering from hunger.

Strides in expanding access to primary education have also been achieved. The primary gross enrolment ratio increased from 56 percent in 1991/92 to 75 percent in 2005/06, with net enrolment rising to 69 percent by the end of that period. However school completion rates are falling, and more than a quarter of girls enrolled in grades one through four are expected to not complete primary school.

According to recent data, the gender ratio in primary education was 0.96 in 2008, slightly below the parity target set for 2005, with the degree of gender imbalance increasing at higher levels of schooling. In 2008, female enrolment was 44 percent in senior high school and 33 percent for tertiary education. Regarding women in Parliament, the ratio dropped to 8.7 percent in 2008 after reaching 10.7 percent in 2006.

Ghana is making progress in reducing infant mortality and in lowering the under-five mortality rate, which dropped from 111 per 1,000 live births in 2003 to 80 in 2005. But it is behind in reducing maternal mortality as assisted deliveries by trained birth attendants are going in the wrong direction — dropping from 46 to 35 percent from 2005 to 2007.

Females accounted for about 60 percent of all HIV/AIDS cases in 2007, and the prevalence rate among pregnant women aged 15–49 increased from 2.7 to 3.2 percent from 2005 to 2006, before falling back to 2.6 percent in 2007. According to the Ghana Aids Commission, the fluctuation in the prevalence rate is a sign only of a stabilization of the epidemic, and not an actual reversal.

The proportion of tuberculosis cases detected and cured under the Direct Observed Treatment Short Course increased from 48 to 70 percent from 2001 to 2007, while the under-five malaria fatality rate improved from 3.7 percent in 2002 to 2.1 percent in 2006–07, correlated with the increased use of insecticide treated nets by children and pregnant women.

Access to safe drinking water improved markedly to 74 percent in 2005–06, meaning that the 2015 target has been reached. But a challenge remains regarding Ghana's forest cover: from 1990 to 2005 the country's forest cover declined from 33 to 24 percent due to such factors as inefficient management of forest resources and poor enforcement of regulations on natural resource utilization.

While several indicators point to Ghana's progress towards the MDGs, they can also mask stark disparities according to sex, age and geography. Ghana is divided into three ecological zones: coastal, forest and savannah; the northern savannah, for the most part, is more deprived than the southern coastal areas. And within each zone there are wide urban-rural disparities, with poverty rates improving fastest in the urban areas.

The World Bank identifies three major constraints that, if eliminated, would help Ghana sustain and accelerate growth and poverty reduction in the future:

- *Severe gaps in infrastructure spending:* Ghana spends approximately 3–4 percent of GDP per year less than needed to address the country's infrastructure needs in such areas as electricity, water and sanitation. A power crisis is already costing the country an estimated 1.5 percent of GDP annually while a shortfall in water and sanitation threatens both economic activities and public health.

- *Low productivity, especially in agriculture:* Ghana's productivity remains below other African economies, including Mauritius and Botswana. With irrigation almost nonexistent, Ghana depends on rain-fed agriculture. Productivity has recently begun to increase, but the use of modern agricultural techniques remains limited.
- *Weak business and investment climate, but improving:* The most important constraints relate to investment in electricity and access to finance, affecting especially small and medium-size enterprises. These constraints limit Ghanaian firms from investing, expanding output and becoming more productive.

## National Programmes

Ghana seeks to attain middle income status by 2015 and has identified four themes in its development agenda: job creation, expansion of infrastructure, investing in human capital and transparent and accountable governance. For the MDGs, the government has proposed several important initiatives, including: free primary education for all; malaria prevention and control; strengthening the National Health Insurance Scheme to expand access of health coverage for the poor and for pregnant women; and increasing access to clean water — especially in guinea-worm endemic areas; and improving agriculture.

The government has also proposed establishing the Savannah Accelerated Development Authority with the goal of targeting all northern areas and closing the development gap between the north and other regions of the country.

One programme focusing on MDG 2, a capitation grant scheme to bolster school enrolment rates has had a positive impact: originally introduced in 40 districts and later extended nationwide, the capitation grant of approximately US\$3 per enrolled child has helped to increase enrolment. In one district, additional enrolments included about 33 percent of children who had dropped out. The surge in enrolments has also resulted in new challenges, including the need to improve basic school infrastructure and teacher training.

# INDIA

India's growth rate has been impressive over the past five years, averaging 7.7 percent, but high growth rates have not translated into an accelerated reduction in poverty.

Overall progress on the MDGs in India has been uneven, with income poverty and water targets appearing to be on track, but tough challenges persist in reducing hunger, the gender gap in education, and improving health indicators and access to sanitation. Without interventions to improve the current rate of progress, India will be highly challenged in meeting many of the MDGs by 2015.

The percentage of India's population living below the poverty line declined from 36 percent in 1993-94 to 28 percent in 2004-05, but the performance is considered disappointing as the poverty line on which the estimate is based had not changed since 1973-74, when per capita incomes were much lower.

Recent data also reveals that almost 46 percent of Indian children under the age of four suffered from malnutrition in 2005/06, with almost no improvement since 1998. And while progress has been made in girls' enrolment in primary school, they continue to lag behind boys, as only 73 percent of girls attend primary school compared to 86 percent of boys.

The government has introduced 27 ambitious targets in its Eleventh National Plan (2008-2012), of which 13 can be disaggregated at the state level. The targets fall into six categories: income and poverty; education; health; women and children; and infrastructure and the environment. In the plan, India aims to have clean drinking water for all by 2009, to cut malnutrition in half among infants by 2012 and to reduce the maternal mortality rate to 1 per 1000 live births by the same year.

In several areas, the national goals go further than MDG targets. For example, India has created specific employment-related targets which include reducing unemployment rates among the educated and increasing wages for unskilled workers.

But the big challenge standing in the way of MDG achievement remains the extreme variations and inequalities that exist across the wide expanse of India's multi-ethnic and regional landscape, with the poorest states enduring the worst deprivation and accounting for the lowest health and social indicators. The highly populated states of UP, Bihar, MP, Orissa and Rajasthan account for almost half of the country's incidence of severe poverty.

Civil society organizations, working to keep policy attention focused on the needs of disadvantaged communities and to shed light on their exclusion from development gains are tracking progress of specific groups such as the Dalits and Scheduled Tribes (STs) and are producing MDG reports that are used as advocacy tools. In this way, civil society is helping to focus attention on the special needs of vulnerable groups and on the challenge confronting MDG achievement in India's deeper pockets of poverty.

Such efforts by civil society are significant, as progress towards the MDGs can be hampered by inadequate data collection and monitoring at the district level. For the government, which is emphasizing the devolution of functions and resources to districts for implementing key social and economic programmes, the need for effective local monitoring and evaluation is critical for MDG success.

A number of participatory approaches, including Social Audits, Community Score Cards and Public Expenditure/Budget Reviews are being used to help improve local monitoring of programme design and implementation.

In addition, the UN Joint Programme on Convergence is working to coordinate available resources — including that of government — to support MDG activities in the districts and to address local needs and priorities.

## Constraints and Risks

While the full impact of the global economic downturn on India is not yet known, it is expected to translate into a loss of much-needed jobs and a reduction of receipts from falling exports and remittances — threatening future investment and government spending levels. The Self-Employed Women's Association (SEWA), with support from UNDP, is conducting a rapid impact assessment to gauge how the crisis is affecting poor and marginalized groups in several states, with a focus on such sectors as textiles, auto parts, jewelry, waste picking and small agriculture.

## National Programmes

India's Eleventh National Plan allocates significant investment for poverty reduction and social services schemes to be administered at the local level. Two efforts that have yielded positive results are the National Rural Employment Guarantee Programme (NREGA) and the Sarva Shiksha Abhiyan Programme (SSA) — an education initiative aimed at providing all children aged 6-14 with a quality education. The latter, along with The Mid-Day School Feeding Scheme, are credited with bringing 25 million children into the education system in five years, and in raising the girl enrolment ratio for primary school to nearly 95 percent in 2005.

NREGA was launched to assist drought-prone districts in India, offering an employment scheme that guarantees 100 days of wage employment per household. The programme appears to have identified a need in the vulnerable communities where it operates: in 200 districts, 3.5 million households have completed 100 days of work, including many women.

After enduring the effects of the Asian financial crisis and the economic and human toll of the 2004 tsunami, Indonesia has been able to register impressive growth with a GDP of 6 percent from 2005 to 2008. The country is also making steady progress towards meeting most of its MDG targets, but remains challenged in some key areas, including in reducing income poverty, creating employment for women and in increasing access to safe drinking water and sanitation services.

Indonesia has already succeeded in halving the number of people living below US\$1 a day, as the proportion of the population falling below this mark dropped from more than 20 percent in 1990 to 7.5 percent in 2008. But using Indonesia's national poverty line the number is higher: some 35 million people, or 15.4 percent of the population, are living in poverty, and nearly half of Indonesians survive on under \$2 a day, making them vulnerable to slight changes in food and energy prices, economic downturns and environmental disasters. Following the tsunami, in 2005-06, the number of poor increased from 35.1 million to 39.3 million, before improving and dropping below 2005 levels.

Indonesia is also affected by significant rural-urban inequalities, with a ratio of rural to urban poor of 1.7: 1, indicating that poverty remains highly concentrated outside cities. Poverty however did rise in urban areas between 1996 and 2008, likely affected by internal migration, a lack of jobs and limited availability of social services.

The country remains challenged in meeting its gender targets. The share of women employed in the non-agricultural sector has increased slowly — from 29.2 percent in 1990 to 33 percent in 2008. Gender inequality persists despite Indonesia having achieved considerable progress in female access to primary and higher education. There are significant wage disparities, and in 2003 the share of women in wage employment in non-agricultural sectors was the lowest among ASEAN countries for which data was reported.

Indonesia's maternal mortality rate is also troublesome. Although dropping by more than 21 percent from 1990 to 2008, at 307 per 100,000 live births, the country is still far from its national target of 110 per 100,000 live births. And while there is some question about the data's accuracy, Indonesia's maternal mortality ratio is exceptionally high for a middle-income country, and is comparable to LDCs in the region.

Last year, only 30.8 percent of the urban population had access to safe drinking water compared to an even lower 9 percent in rural communities, where basic services and infrastructure are limited. Three quarters of Indonesians still do not have access to reliable piped water supplies, and inadequate sanitation and waste management plague major Indonesian cities. The government recently allocated US\$902 million to fund sanitation development programmes, but the impact has yet to be assessed.

### Constraints and Risks

The current global economic crisis threatens Indonesia's poverty reduction efforts and sustained progress in the MDGs. The crisis is having an impact on important exports such as rubber, which dropped by 32 percent in the first quarter of 2009. Manufacturing of tin, footwear and textiles are also suffering. The government, aiming to soften the harsh effects of the crisis on the country's people and economy, has offered subsidy programs for the textile and footwear sectors, and support for cotton production in several provinces.

Indonesia, an island-nation, is also vulnerable to the risks of climate change and to increasing weather-related natural disasters. Since 1990, the country has endured devastating floods, droughts, earthquakes and tsunamis, which have taken heavy human tolls and turned back progress in social and economic development.

### National Programmes

In an effort to speed up MDG attainment, the government introduced the National Program for Community Empowerment. Since 2006 it has provided social assistance and support to 18.5 million poor households, along with training and grants for small businesses. By 2010, an estimated 20.4 million Indonesians are expected to have benefitted from the programme, with hopes of about 40 percent of the beneficiaries emerging from poverty.

# IRAQ

Mired by years of political instability and war, Iraq's attention in the past was understandably centred on the priorities of human security and governance, with little opportunity to focus on the goals of social and economic development and MDG achievement. Donor support was also aligned with the immediate needs of the Iraqi people during the country's period of conflict, with international assistance consequently not focused on the MDGs.

With an improving security situation, the government with support from UNDP and other stakeholders has adopted a more long-term approach to national capacity development needs — including increased attention to tailoring MDG targets to Iraq-specific circumstances and integrating them into national planning processes.

Even so, due to the country's special situation, the government has not emphasized the MDGs as being very relevant for its planning purposes or for identifying national priorities; and they are not included as a key element in the international aid package for Iraq, which remains focused on security and political issues and on private-sector led economic reforms.

And in spite of recent improvements, Iraq still faces familiar obstacles in promoting development and human security: the withdrawal of the multi-national forces and fiscal challenges resulting from the sharp drop in oil prices have added to current levels of uncertainty, and have further slowed progress towards MDG achievements.

The government produced its first MDG-related report in 2005, which was a statistical review of the MDG indicators. It prepared a follow-up report against global MDG targets in 2007.

And while Iraq has improved data collection needed for MDG monitoring, in some cases progress has been limited and presents significant bottlenecks, as is the case regarding goal 7 on CO<sub>2</sub> emissions, for which there has been no effective system for collecting or gauging data.

The MDG reports show that Iraq is largely not on track to meet many global MDG targets, or has been unable to gauge progress due to lack of data. For the goal of reducing hunger and extreme poverty by 2015, official estimates suggests the target has already been achieved; however other assessments point out that malnutrition and hunger are low because of the universal distribution of food baskets, and if not for that, their incidence would rise dramatically and affect more than 20 percent of the population.

A major concern is the drop in oil prices due to the global economic crisis, which is expected to have a direct impact on MDG progress — including on employment generation and social safety nets and investments in health, education and infrastructure.

The lack of MDG ownership by government, capacity shortfalls and the reluctance of foreign investors to channel much-needed investment into Iraq due to security concerns have been key impediments to progress. However, even without a firm commitment or framework for national MDG targets, the Iraqi government is prioritizing such areas as poverty reduction, basic education and improvements in child and maternal healthcare.

Jamaica appears on track to achieving a number of its national targets according to its latest MDG report. Poverty in Jamaica declined from 28.4 percent in 1990 to 16.8 percent in 2001, and enrolment in primary education is near universal.

Jamaica has been making progress in the area of gender, but is lagging behind in a number of its health-related targets — including child and maternal mortality. And while the government has improved access for safe drinking water and sanitation systems, it is falling behind in another key area related to MDG 7 and the environment — protecting the country's important forest cover.

But while past MDG reporting suggests that Jamaica can meet some of its poverty targets by 2015, the conclusion appears to be somewhat controversial due to the country's meager growth performance, which averaged less than one percent per year over the past fifteen years, and limitations in the measurement of poverty indicators that have relied on low and outdated poverty lines to determine headcount rates.

### Constraints and Risks

The major risk for the achievement of the MDGs in Jamaica comes from the current and expected impact of the global economic crisis which threatens the country's vital tourism and export revenues, and in turn, government spending on important social programmes, including school construction and teacher salaries.

Moreover, Jamaica must contend with a heavy debt burden, as 56 cents of each budget dollar is spent on debt service, compared with 26 cents on the combined priorities of health, education and violence-related security.

In the area of health, where Jamaica has fallen behind in several of its targets, the government has been constrained by limited resources, capacities and a heavily decentralized structure that has led to bottlenecks in both health service delivery and in monitoring. And while the spread of HIV remains a concern for most of the population, budgetary constraints combined with cultural stigmatization threaten the impact and success of national campaigns.

Jamaica is also challenged by limitations in data measurement and MDG monitoring. A UNDP project on data enhancement has been formulated to address this bottleneck, and is aimed at harmonizing and improving the gathering of economic and social statistics.

### National Programmes

The Jamaican government recently approved its national development plan, Vision 2030, which addresses the MDGs and the key human security goals of reducing crime and violence. One notable initiative aimed at MDG achievement is the Programme for Advancement through Health and Education (PATH), a conditional cash transfer programme that has helped to improve the economic and social well-being of some 300,000 poor Jamaicans. Activities are also being carried out to promote alternative livelihoods and disaster risk reduction in rural areas, and to address climate change and energy needs in conjunction with MDG 7.

# KYRGYZSTAN

Kyrgyzstan has achieved an average growth rate of 5.5 percent per annum in recent years, but poverty remains widespread as more than a third of the population lives below the poverty line and the country remains challenged in delivering basic services, particularly in rural areas. Government efforts aimed at reducing the incidence of extreme poverty look to have paid off, as 6.6 percent of the population lived in extreme poverty in 2007 – already well under the national target of 12.9 percent. Progress has been slow in reducing malnutrition among children and adults, although success in meeting the goals by 2015 is thought likely.

Wide disparities and income inequalities continue to present a challenge, with poverty highly concentrated in the country's rural areas. In 2007, 41.7 percent of the rural population lived in poverty, compared to 23.2 percent in cities.

While literacy rates among youth are high at 99.7 percent, resources for the education sector are seen as insufficient for sustaining the necessary improvements needed to meet the national target of all boys and girls completing basic secondary education. Furthermore, the quality of education at all levels has been declining, due to inabilities in ensuring adequate teacher training, retaining qualified staff, and in modernizing management of educational institutions.

Health-related MDGs are considered to be the most difficult for Kyrgyzstan. Infant and child mortality have been declining, but at a rate slower than needed, and there has been a worrisome increase in the number deaths of newborns due to lack of medical assistance and the low quality of care. Maternal mortality rates, at 51.9 cases per 100,000 live births in 2007, are high.

Likewise, none of the indicators of MDG 6 aimed at combating HIV/AIDS, malaria and tuberculosis are likely to be achieved, and the number of HIV cases has risen sharply — from 484 in 2003 to 2,363 in 2009. The incidence of tuberculosis (over 100 cases per 100,000 people) is at an epidemic level, and correlated with critical health conditions in the penitentiary system, poor nutrition and living conditions. Although it declined by 16.5 per cent by 2007 compared to 2003, the target of 52 cases in 2015 is unlikely to be achieved. The rate of immunization of children against measles, however, strikes a more positive note and has been on track.

In the area of gender, several women have been appointed as government ministers, but only 17 percent of high level civil service positions are held by women. Men occupy higher-paid managerial and specialist positions while women concentrate on lower-paid occupations in education, health and social services.

Kyrgyzstan can claim some successes related to the environment, as the country has reached its targets for greenhouse gas and CO<sub>2</sub> emissions. Ninety-three percent of the population had access to potable water in 2007, which is already above the target of 90 percent by 2015. Although this quantitative indicator portrays a positive picture, water quality still presents a challenge.

Only 24.2 percent of the population had access to adequate sewerage in 2007, due to considerable under-investment in the rehabilitation of sewerage systems. And while land covered by forests and protected areas has been increasing, it's been at a rate lower than needed to achieve the national target.

MDG concerns and targets have been addressed in the newly adopted Country Development Strategy (CDS) for 2009-2011 which includes 19 key MDG indicators. The government is also currently preparing its long-term Strategy 2020, in which the MDGs are expected to be fully incorporated.

National efforts in support of the MDGs include protection of the poor and vulnerable through the provision of insurance and social assistance services, which include a number of cash benefits and privileges.

The government has also prioritized improving the quality of education and aims to increase investment in the sector for better maintenance and rehabilitation of schools and procurement of learning materials and computers.

## Constraints and Risks

Kyrgyzstan's governance structures remain insufficient for carrying out the necessary investments and policy measures needed for sustained improvement in basic social services and living conditions, and capacities are particularly weak at the local level — although progress is being made in areas where donor support has been extensive.

The country confronts the risks of increased water, energy and food insecurities: power shortages have severely affected health, social services and water supplies in rural areas.

In addition, the global economic crisis threatens to exacerbate current conditions and vulnerabilities and effect important gains already made. The Kyrgyz economy has already seen falling demand for the country's exports. In the first quarter of 2009 exports contracted by 30 percent from a year earlier, reducing government revenues needed for social and economic spending.

# LAO PEOPLE'S DEMOCRATIC REPUBLIC (PDR)

Lao PDR is a landlocked, transition economy where agriculture represents about 47 percent of its GDP and 70 percent of Laotians rely on subsistence farming. Nearly 83 percent of the population lives in rural or remote regions with inadequate access to basic services, with an estimated 32 percent living below the poverty line.

The government has made some important development progress in recent years. But Lao PDR remains a least developed country with troubling indicators in hunger and malnutrition, maternal mortality and in environmental sustainability; and in areas affected by unexploded ordnances (UXOs), the incidence of poverty is particularly high.

Lao PDR, however, is on track to achieve some MDGs, benefiting from an 8 percent growth rate fueled by exports, tourism, copper, logging and overseas remittances. While it is on track to achieve the income poverty target, pervasive inequalities in urban and rural areas and among the country's ethnic groups persist.

About 40 percent of children under five suffer from chronic malnutrition. A multi-donor effort entitled REACH is working to alleviate child hunger through complementary feeding programmes, treatment of acute malnutrition and by increasing household food security.

In the education sector, enrolment in primary school shows good progress, with a rate of more than 89 percent in 2008. However, this masks wide disparities again between urban/rural areas, with high rates of illiteracy in rural areas and among non-Lao ethnic groups. Challenges remain in addressing the need for greater access for girls at all school levels, and in improving overall retention rates.

The country has made progress regarding the number of women in politics: women's representation in Parliament is at 25 percent, and women's involvement in local level decision-making processes is relatively strong. Women's participation in the non-agricultural sector has also improved, with more than 40 percent of women employed in the civil service. Lao PDR is on track to reach these targets.

Infant and child mortality rates have declined significantly, but immunization coverage needs to be increased, particularly in rural areas. A lack of awareness, information and infrastructure present significant barriers, but the government is committed to maintaining progress.

Although improving, the maternal mortality rate of 405 per 100,000 live births in 2005 is among the highest in the region. Women lack access to skilled health personnel and adequate health infrastructure, and access to reproductive health services and rights to family planning are limited.

Lao PDR has a low prevalence of HIV, estimated at 0.1 percent. Vulnerability to the disease is high, however, given population mobility and migration to neighboring countries. The country also has a high TB prevalence and non-communicable diseases are a growing challenge.

Lack of quantitative targets on the environment has made effective monitoring problematic. But logging in Lao PDR, including illegal logging, could have serious repercussions for the environment and for climate change. The government remains committed, however, to raising forest cover from 29 percent currently to 50 percent by 2015, and is receiving support from UNDP and FAO in sustainable forestry management.

## Constraints and Risks

While Lao PDR has made improvements in several areas and is on track to achieve some MDGs, there is concern about the sustainability of MDG gains given the country's reliance on ODA. To address this, the government has sought support from UNDP to help identify alternative options to ensure the continuity of MDG progress beyond 2015.

Lack of capacity in almost all areas has been a significant constraint on the management and delivery of social and economic interventions for the MDGs. As a response, a human resource development strategy is now being prepared with the aim of strengthening capacities in all government sectors.

Being relatively isolated and not fully linked with the global economy has somewhat shielded Lao PDR from the global economic crisis. But copper prices are down a third from recent levels and tourism, remittance, FDI and export revenues are declining, threatening to constrain social spending.

## National Programmes

Lao PDR plans to graduate from Least Developed Country status by 2020, meaning that it needs to ensure sustained and inclusive economic growth over the coming years. To this end, the government has prioritized the MDGs in its 7th National Socio-Economic Plan and is carrying out key interventions in such areas as basic education, healthcare, inequality, agriculture and rural and infrastructure development. With support from donor partners and the UXO Trust Fund, it is also continuing mine-clearance efforts in affected northern and southern regions where poverty and deprivation levels are disproportionate.

# MALAWI

Malawi is one of the world's poorest countries and ranks among the lowest on the Human Development Index. While poverty here continues to be widespread, the country's recent MDG report points to some improvement, and indicates that the poverty headcount had dropped from 54 percent in 1990 to 40 percent in 2007. Significant progress has been recorded in lowering the incidence of extreme poverty, which dropped from 23.6 percent in 1990 to 15 percent in 2007. At the current rate, it is expected that the proportion of ultra poor will be 5.2 percent by 2015 — more than 6 percent below the national target.

Malawi's past fortunes in food security have been volatile, due to intense floods and droughts. Efforts to counter this trend and enhance agricultural productivity have yielded some positive results, and contributed to halving the prevalence of underweight children from 28 percent in 1990 to 14 percent in 2007 — already meeting the 2015 target. Sustaining this momentum will require substantial injections of resources into the food security sector, and here the country remains vulnerable to the affects of the global financial crisis, as most agricultural inputs are imported.

In the education sector, the government has adopted a national policy aimed at ensuring that all children complete primary school. Net enrolment increased from 58 percent in 1990 to 75 percent in 2007. The rate is expected to continue to rise, but still fall short of the universal target by 2015. The education sector is challenged by a shortage of qualified teachers, inadequate infrastructure and poor access to facilities for children with special needs.

Illiteracy in Malawi is thought to have impeded MDG progress in the past, and the government has made reversing it a national priority. Literacy levels have been rising as a result — to 82 percent for youth aged 15-24, up from 68 percent in 1990.

Malawi's gender-related targets remain troublesome, with the proportion of women in non-agricultural employment reaching only 15 percent in 2007. The proportion of girls to boys in secondary school has increased to 76 percent in 2007 representing a 50 percent rise from the early 1990s, but it is unlikely that full parity will be reached by 2015. And in Parliament, only 14 percent of seats are held by women.

The under-five mortality rate has declined from 234 deaths per 1,000 live births in 1990 to 122 in 2006 — putting the country on track for meeting this target. The infant mortality rate has also improved, and the target is likely to be met by 2015. Even so, childbirth is a leading cause of death and disability among women of reproductive age due to the lack of skilled health personnel attending to deliveries.

Like most countries in sub-Saharan Africa, HIV poses a significant threat to the achievement of the MDGs, and can turn back important development gains. But in Malawi, HIV prevalence peaked around 1998 and dropped from 17.4 percent in 1994 to 12 percent in 2006.

Malawi remains challenged by environment pressures and the continuing decline in forest cover due to its limited land mass and the needs of a growing population. In 2005, about 36 percent of its land was forested, a loss of about 12 percent from 1990. At current rates of decline less than a third of Malawi is expected to be forest covered by 2015, far below the 50 percent target.

## National Programmes

The Government has singled out hunger as the main impediment for achieving the MDGs, and has put in place an extensive fertilizer and agricultural subsidy programme to lower the cost of food production for poor farmers. Efforts appear to be paying off: in the last three agricultural seasons, Malawi has experienced better than average harvests of maize, the staple food crop.

In another priority sector, the Functional Literacy for Integrated Rural Development Programme is supporting Malawi's efforts to increase literacy and improve livelihoods in 12 districts, where it is targeting illiterate adults and youth above primary school age. Along with providing livelihood assistance to beneficiaries, the effort has promoted rural and economic development in the districts where it operates. As of the end of 2008, the proportion of participants assessed and declared literate was 81.3 percent for males and 73.1 percent of females.

Malawi must contend with a number of critical issues that affect its progress towards the MDGs. These include: i) a critical shortage of capacity and skills needed for effective delivery of basic services and the implementation of development programmes; ii) limitations in data collection systems needed for effective MDG monitoring; and iii) improvements in infrastructure needed to support rural and economic development — including roads, food storage and energy systems.

In spite of several years of strong economic growth and an average GDP of 7.5 percent from 2001 to 2008, poverty levels in Mongolia remain high, with recent data revealing that 35.2 percent of Mongolians live in poverty. Largely dependent on export revenues from its main commodities, Mongolia has been hard hit by falling copper prices since the onset of the global economic crisis, causing a dramatic reversal in the country's economic outlook and further straining the socio-economic welfare of its young population, about 59 percent of whom are under age 30.

Mongolia is the second-largest landlocked country in the world with little arable land and large numbers of nomadic and semi-nomadic people who depend on subsistence herding activities and livestock for their livelihoods.

While it has not taken a formal decision to prioritize MDG targets above others, the government has expressed its commitment to achieving the MDGs and has developed a MDG-based National Development Strategy through 2021 as a basis for formulating programmes and strategies.

Mongolia's most recent MDG report was produced in 2007 with participation from civil society. Along with gauging the country's progress in the eight target areas, it also includes a ninth goal that the government adopted aimed at strengthening human rights and democratic governance. Due to monitoring constraints, only 10 of the country's 24 MDG-related targets have measurable indicators, and only these can be used to assess progress. The indicators were grouped into the categories of 'early achieved', 'likely to achieve', 'slow' and 'regressing'.

MDG targets viewed as being achieved early include gender parity in secondary education; the percentage of children immunized for measles and infant and under five mortality rates.

The targets deemed likely to achieve by 2015 include the prevalence of underweight children; gender parity in primary school; maternal and tuberculosis mortality rates, the percentage of birth deliveries attended by health care personnel and carbon dioxide emission levels.

In the "slow" category is the proportion of people living in poverty and with inadequate sanitation, as well as gender parity in tertiary education. Mongolia is regressing in net enrolment in primary school, the literacy rate among youth aged 15-24, the proportion of women engaged in non-agriculture employment and in meeting forest cover targets.

The government has been challenged by regional disparities that have been widening, including growing inequalities and higher poverty rates in rural areas. The government's decentralization agenda, including fiscal decentralization, has not yet been adopted and local authorities have been unable to generate revenues on their own to invest in development priorities — including for improving basic services such as safe drinking water, electricity and sanitation. Except for areas related to mining, most of the economic activities are concentrated in the capital, Ulaanbaatar. Migration from rural to urban areas has increased dramatically, as people migrate to cities in search of jobs, adding to a rise in slum dwellers and urban pollution.

A lack of disaggregated and credible data coupled with inadequate analytical capacities challenge Mongolia's MDG monitoring system.

## Constraints and Risks

Mongolia's economy remains vulnerable to fluctuations in the global market, especially international prices for copper and gold. MDG targets most affected by the recent crisis include those related to income poverty, employment generation, education and the environment.

Since the outset of the global economic crisis, Mongolia has implemented a number of short-term measures to soften its impact on the population, including subsidizing the supply of meat and petrol products, suspending import duties on wheat flour and obtaining discounted prices for flour from Russia.

To lessen the economic hardship and improve income-earning and employment opportunities, a number of national programmes are underway. These include vocational training and enterprise development initiatives that have assisted more than 3,000 small and micro entrepreneurs in rural areas, helping to boost household incomes by 30 percent. Under the Enterprise Mongolia Project, credit and loans to small entrepreneurs are being made available, and more favorable labour laws and regulations are being adopted and amended.

# MOROCCO

Morocco's progress in recent years has been mixed, reflected by the drop in its human development index ranking (HDI) to 126 in 2005 from 123 the previous year — believed to be the result of poor literacy and school enrolment levels. The country's low HDI rankings have reinvigorated the focus on MDG attainment, resulting in a clear acceleration since 2005.

Achievement of the MDGs is now official government policy. Morocco was one of the first Arab countries to develop a national set of MDG goals, with expanded and adapted indicators that have been engendered. Gender disaggregated data have been made available to allow for a clearer picture of the challenges confronting Moroccan women.

The country's 2008 MDG report identified a number of urgent needs, including illiteracy as well as maternal and child mortality. At the current rate, according to the data, Morocco will only reach its national literacy target by 2040; and poverty, mainly rural, presents a major obstacle for the attainment of the other MDGs.

The government has succeeded in lowering overall poverty rates, with the number of poor falling to 2.8 million in 2007 — representing 9 percent of the population and a drop from 15.3 percent in 2001. The proportion of people suffering from hunger has also shown progress, falling to 1 percent in 2007 from 1.8 percent in 2003. Unemployment still presents a challenge at 9 percent, but is down from more troublesome double-digit levels in recent years.

Focusing on education as a national priority, the government launched its emergency education program, and gains are being made. Net enrolment at the primary level has risen to 93.5 percent according to the latest MDG report, up from 52.4 percent. For girls living in rural areas, the rate is lower, at 87.7 percent, but that's still sharply up from 22.5 percent in 1990. Youth literacy has also been rising — from 71 percent to 84 percent for males and from 48.5 percent to 67.5 percent for females.

While some progress has been made in the area of gender, more needs to be done to achieve parity in education and wages. Women's participation in Parliament and in decision-making processes remains modest at 10.5 percent in 2007. The government is taking steps to address the challenge by enacting legislation, including the Family Code in 2003, the national code in 2006 and ratifying CEDAW more recently, which all aim to help improve the legal status of women.

The Family Code is helping to put Moroccan women on equal footing with regard to marriage and children. It has increased the minimum age of marriage for women to 18, allowed for divorce proceedings to be initiated by women and addressed the issues of property sharing and inheritance rights.

In the health sector, Morocco is facing difficulty in lowering levels of child and maternal mortality. From 1992 to 2004, the mortality rate for children under five did drop from 76 percent to 47 percent — but is still far from the target of 28 percent by 2015. Some progress has been made due to increased immunization coverage, the promotion of breastfeeding and efforts to reduce nutritional deficiencies.

The country's maternal mortality rate also improved — from 332 deaths per 100,000 live births in 1991 down to 227 deaths per 100,000 live births in 2003 — but Morocco is still far from its 2015 target of 83 maternal deaths per 100,000 live births. Morocco's incidence of maternal mortality remains the highest in North Africa. In response, an ambitious maternal and child health strategy has been put in place with international support.

The HIV prevalence rate remains low in Morocco — at 0.08 percent in 2007. But data collection is limited, and recent estimates show the number of people living with HIV has risen from 14,500 in 2003 to 22,300 in late 2007.

## Constraints and Risks

There is a national consensus that the government inherited serious social deficits from previous decades, which, combined with inefficient policies, kept it from bridging economic and social gaps, especially in rural areas where 40 percent of the population lives. The net result has been that Morocco is still a middle income country with HDI indicators closer to that of Sub-Saharan Africa, especially in indicators related to education and maternal mortality.

Morocco's efforts towards the MDGs have also been constrained by a lack of reliable and consistent data for MDG monitoring, and by capacity limitations at the local level in the delivery of basic services.

Climate change is also seen as presenting a risk to MDG attainment. Morocco's rural population is dependent on rain-fed agriculture for their livelihoods, and poverty levels have been affected by drought and rainfall levels in the past.

Mozambique's recovery following nearly three decades of civil war has been impressive, and the country now serves as a prime example of how improvements in economic and social conditions can be triggered by new-found peace and stability. Moreover, the recovery process has been accelerated by public and private investments in governance institutions, rural infrastructure and basic social services, putting the country on track for meeting several of the MDGs.

The country's economic growth has averaged 7.5 percent since 1993, compared to 3.8 percent for sub-Saharan Africa. But the progress started from a very low base and Mozambique remains one of the world's poorest countries, ranking 175 out of 179 on the Human Development Index in 2008.

According to MDG reporting, poverty incidence dropped from 69 percent in 1996/97 to 54 percent in 2002/03, and is expected to decline to 45 percent in 2009. The country's progress in reducing poverty suggests that it is on track to meet the target of 40 percent by 2015. In rural areas, the drop in poverty levels to 55 percent follows efforts to increase the availability of land for cultivation, diversification of crops and shifts into small-scale commercial farming for cash crops under contracting arrangements with agro-processing and export firms.

Mozambique has made gains in education and in improving access to primary education for girls. After the end of hostilities school enrolment began climbing steadily; the net enrolment ratio more than doubled to 96 percent in 2007 compared with 1997, with girl enrolment rising to 93 percent.

In the area of gender, the proportion of women in Parliament is 37.2 percent, which is above the one-third target set by the Southern African Development Community (SADC). About one in four cabinet ministers, the prime minister and almost one third of vice-ministers are women.

The child mortality rate dropped from 147 to 124 per 1,000 live births from 1997 to 2003, and the country's maternal mortality rate — one of the highest in the world — declined from 1,000 deaths per 100,000 live births in the 1990s to 408 deaths per 100,000 live births in 2003.

HIV is regarded as one of the most important threats to human development in Mozambique. According to epidemiological surveys conducted at antenatal clinics, HIV prevalence is estimated to have nearly doubled from 8.2 percent to 16 percent between 1998 and 2007.

It is estimated that 40 percent of walk-in cases in hospitals and 60 percent of paediatric cases are a consequence of malaria. The incidence of malaria has been falling, however, correlated with preventive measures such as intra-domicile spraying and improvements in diagnosis and treatment.

The government has taken steps to mainstream the environment into its national development frameworks. Its approval of the Environmental Strategy for Sustainable Development and legislation for land use planning point to progress in integrating sustainability principles into national policies.

The proportion of the population with access to safe water has increased from 37 percent in 2001 to 49 percent in 2007, putting Mozambique within reach of achieving the national target. A decentralisation programme supported by the government is speeding the rehabilitation and construction of water systems, especially in rural areas where the need for improving safe water access is great.

## Constraints and Risks

While several indicators on Mozambique's progress are encouraging, they also mask great differences according to sex, age and geography. The poverty headcount is twice as high in some regions and school enrolment varies widely among provinces — as does access to improved sanitation. And in the area of gender equality, the disparities can be striking: about 69 percent of women are illiterate compared to 37 percent of men.

Other challenges also risk affecting Mozambique's progress, including: its relatively new and fragile democracy; capacity constraints; high unemployment and jobless growth; and inefficiencies in data collection and monitoring in such areas as gender, the environment sustainability and HIV.

## National Programmes

- *Improving Education:* The government has introduced measures to abolish fees for primary school and for offering capitation grants to cover such expenses as learning materials and to upgrading school infrastructure.
- *Access to HIV and AIDS services:* Antiretroviral Therapy coverage expanded rapidly from 2005 to 2007 — from 32 to 150 — with counseling and testing units also more than doubling by 2007.
- *'Waiting houses' for pregnant women:* The government is investing in 'waiting houses' for pregnant women who have been identified to be at high risk. Seventy-five percent of Mozambique's 128 districts now have facilities to assist and monitor pregnant women deemed to be at high risk.

# NEPAL

A low-income, mountainous country landlocked between India and China, Nepal emerged recently from a decade-long civil conflict that added to the challenge of promoting development in the many hard-to-reach communities that make up the fabric of this multi-ethnic society. With the end of civil hostilities, Nepal is aiming to accelerate economic growth, reduce poverty and realize human development, and is pursuing the peace dividends of reform and stability.

Since 2003, GDP growth has averaged around 3 percent, but with lower than anticipated growth in the important agriculture and manufacturing sectors. Still, the country has been able to make progress towards several MDG targets, although with pronounced levels of inequality in rural and urban regions and among ethnic groups.

Recent data indicates that Nepal has succeeded in lowering poverty rates. The proportion of people living below the poverty line declined from 42 percent in 1996 to 31 percent in 2004, driven in large part by an exponential rise in worker remittances from abroad. Gains have also been made in gender-parity in education, the under five and infant mortality rates and in increasing immunization coverage.

The government has made progress in reducing hunger, but malnutrition is taking a toll and remains a challenge. And although the percentage of underweight children aged 6-59 months has declined, it is still unacceptably high at 39 percent. Food shortages remain a problem for the country's hilly areas due to poor or non-existent roads, harsh weather and lack of alternative food options.

Steady progress has been made in achieving universal primary education. The primary school net enrolment rate increased from 64 percent in 1990 to 89 percent in 2007, with the literacy rate for children over six years of age improving to 63 percent in 2007.

But the extension of basic services including education has been uneven, especially among indigenous groups and in remote rural areas where enrolment rates remain low.

Nepal has seen a slow but steady rise in girls' enrolment, with the gender gap narrowing at the primary and secondary levels, but not in higher education. The proportion of literate women to men 15-24 years old has increased, but is still far from nearing parity, rising from 0.48 in 1990 to 0.73 in 2005.

The government has remained challenged in improving opportunities for women with most engaged in informal, subsistence and non-wage activities. Only 12.7 percent of jobs in Nepal's administrative service are held by women. To help address the imbalance the government has constituted the National Women's Commission to protect women's rights and enhance their participation in society.

In the health sector, the infant mortality rate declined by about 55 percent, to 48 per 1000 live births in 2007 from 108 in 1990; the maternal mortality rate — which stood at 850 per 100,000 live births in 1990 — also declined to 281 per 100,000 live births in 2007, as the percentage of deliveries attended by health care providers increased.

One area where Nepal has made notable progress is in the provision of safe drinking water, as 89 percent of the population has access to improved water sources; sanitation coverage has also increased markedly from 6 percent in 1990 to 41 percent in 2007.

Nepal has a history of promoting local community-based responses to development in remote, hard to reach areas. This is evident in the environment sector, where the number of Community Forestry User Groups has grown from 12,000 in 2002 to 14,500 in 2007. Their work at the local level has led to an increase in the amount of much-needed forest cover in Nepal, which has risen in recent years to more than 39 percent — up from 29 percent in 1990.

## Constraints and Risks

Nepal faces the dual challenges of accelerating domestic growth and sharing its benefits more broadly across a multi-ethnic and diverse population in order to bridge glaring inequalities in incomes and in access to basic services, including health and education.

In 2007, important remittances approached a high of 25 percent of GDP. While of great benefit to the country, Nepal could also be vulnerable to the affects of a reversal due to the global economic downturn, which could threaten livelihoods and fuel unrest.

Regarding climate change, an analysis of Nepal's water resources by the OECD identifies two potential critical impacts: Glacial Lake Outbreak Flooding and variability of river runoff. Both are of serious concern as Nepal is already prone to flood disasters, particularly in the Terai, and relies on hydropower as an important energy source.

The Government is in the process of developing its next three-year *National Development Strategy* which aims to attain annual economic growth of 5.5 percent and reduce the poverty rate to 24 percent. It plans to continue supporting efforts aimed at inclusive and broad-based growth, effective governance and delivery of basic social services, while increasing investments in physical infrastructure and employment for the poor. Specific targets also include improving the national literacy rate to 60 percent and connecting all 75 districts to the national road network.

Despite recording a decade of steady growth from 1995 to 2005, with an average GDP of 5.3 percent, Senegal's economic performance remains much lower than the 7 percent believed necessary to cut poverty in half by 2015. Currently, only the targets pertaining to gender parity in education, HIV and access to safe drinking water are considered potentially attainable with sustained national efforts.

In 2005, 50.6 percent of Senegalese lived in poverty, compared to 57.1 percent in 2001. In rural areas, where women make up the majority of the population, the poverty rate was 55.6 percent in 2005. Inadequate infrastructure and basic services outside urban areas have led to inequalities in access to health and education. And in terms of electrification, for example, urban areas benefit from 72 percent coverage compared with 16 percent in rural communities.

Malnutrition remains an important challenge in Senegal. Eighty-four percent of children under five and 61 percent of women suffer from anemia, which can be linked to poor nutrition. The government has introduced a number of interventions to respond to this challenge by promoting breastfeeding and increasing daily caloric intake in children. From 1992 to 2005 the incidence of underweight children dropped from 20 percent to 17 percent, against a target of 3 percent by 2015.

In the education sector, the government has been constructing more schools and colleges. Primary school enrolment was estimated at 86 percent in 2007 — up from 83 percent in 2006 — and against a target of 90 percent in 2015.

In the area of gender, Senegal has been challenged in improving the status of women, who make up approximately 52 percent of the population and constitute the least educated and most vulnerable group in society. Women account for only 14.4 percent of political party members and are under-represented in positions of authority and in decision-making bodies; in 2007, only seven out of 39 government ministers were women.

Raising gender parity levels in primary education is one area showing good progress, as the gender parity index improved from 0.93 in 2000 to 1.07 in 2007 — although it decreases at higher grade levels.

A health concern for the government is the high under-five mortality rate, which stood at 121 per 1,000 in 2005. The government's response has included expanding immunization coverage and introducing improvements through the National Medical Development Plan. But Senegal's health system suffers from weaknesses in financial and human resources and from a rural-urban imbalance of health professionals — many of who choose to live and work in Dakar.

Controlling the spread of HIV is one area where Senegal has the potential of meeting its target as the country achieved a low prevalence rate of 0.7 percent in 2005. But challenges remain in expanding access to treatment, surveillance and eliminating discrimination against people living with HIV.

Concerning malaria, in spite of all efforts, it remains the principal cause of mortality in Senegal, especially among pregnant women. The malaria mortality rate nationwide is estimated at 18.17 percent. However its prevalence rate fell from 40.7 percent in 2000 to 8.5 percent in 2005, showing signs of improvement. The prevalence rate of tuberculosis also dropped, from 85 percent to 67 percent, during the same period.

In the area of the environment, the government is making efforts to meet its 2015 targets, but is lagging. It reforested 33,975 hectares of land in 2005 and 43,185 hectares in 2007 — against a target of 45,000 hectares per year needed to compensate for the rate of forest degradation.

The government also has a strategy for conserving the country's biodiversity and is working towards designating 12 percent of national lands as protected areas. It is establishing five new Protected Marine Areas and 19 Natural Community Reserves with participation from local community groups, and increased the coverage of protected land from 8 to 11 percent of national territory. It is also creating a biosphere reserve at the Niokolo-Badiar complex, a world heritage site.

## Constraints and Risks

Several constraints are correlated with the costly toll of malaria in Senegal, including: an inadequate diagnosis and treatment of malaria cases in the health sector, the limited use of treated mosquito nets, a low level of community participation in prevention efforts and weaknesses in epidemiologic monitoring.

Similarly, in the area of controlling hunger and malnutrition, progress has been affected by a lack of coordination of ongoing national health initiatives and programmes.

The UN has identified several key development challenges in Senegal that have affected the country's progress towards the MDGs: the fight against hunger and poverty and the need to improve wealth creation, access to quality social services, the promotion of the right to a sustainable environment, good governance and the promotion of partnership for development. Inadequate capacity levels in the public sector have also been cited as a weakness.

# SIERRA LEONE

Sierra Leone is among the world's poorest countries, and ranks last out of 179 countries on the Human Development Index. Since the end of its civil war in 2002, Sierra Leone has made macroeconomic progress. GDP averaged 7 percent between 2005 and 2007, fueled by broad-based economic reforms and recovery in the agriculture, mining, construction and services sectors.

But despite recent progress, Sierra Leone faces enormous development challenges. About two-thirds of the population lives below the poverty line, 70 percent of youth are unemployed and 53 percent are illiterate.

MDG targets considered difficult to be met include eradicating poverty; reducing child mortality, improving maternal health and developing partnerships for development. Goals likely to be met with special efforts include achieving universal primary education, promoting gender equality and ensuring environmental sustainability. Only one Goal is considered likely to be met with sustained efforts: MDG 6.

Recent data shows that while poverty is widespread, a higher incidence is found in rural areas – 79 percent compared to 47 percent in cities – where the majority relies on subsistence agriculture. Regional inequalities and disparities are also evident, with the country's eastern region having a greater incidence of poverty and the western region the lowest.

In the education sector, Sierra Leone is working to improve education quality at all levels. It passed the Education Act in 2004, which requires all children to complete basic education, and earmarked 20 percent of the annual budget in 2006 to the sector. The net enrolment ratio for primary school increased from 42 percent in 1990 to 69 percent in 2005.

Primary school completion rates also rose to 80.8 percent in 2008 and the girl-boy ratio at the primary level stood at 1:1.1 in 2007. Government measures, including a tuition-free policy in primary education and prioritizing teacher training appear to have helped.

In the area of gender, inequalities are present at all levels of society: women constitute just 14.5 percent of seats in Parliament, about the same level in cabinet positions and 9.6 percent of top civil service posts. The government plans several measures to help raise the status of women and improve their opportunities, including setting up an independent gender commission to promote gender equitable development and taking steps to ensure effective gender mainstreaming and introducing a temporary affirmative action plan that stipulates a 30 percent quota for women in elective and appointed offices.

The country faces some of its steepest challenges in the health sector. Sierra Leone has the worst infant and under-five mortality indicators and has among the highest maternal mortality rates in the world; malnutrition remains a major cause of infant mortality and accounts for about 46 percent of under-five deaths.

But some progress is being made. Childhood immunization has shown impressive signs of improvement and about 1.5 million insecticide-treated bed nets were distributed to children under-five and pregnant women in 2006 – and data shows the nets are being used. Still, malaria remains the most common cause of illness and death in the country. HIV prevalence rates rose from 0.9 percent in 2002 to 1.53 percent in 2005, but have leveled off recently.

In the area of the environment, the country will require special efforts to reach its MDG targets. Sierra Leone has suffered severe environmental degradation due to mining, deforestation, over-exploitation of the marine environment and pollution from land-based activities.

## Constraints and Risks

International aid is a critical part of the Sierra Leonean economy, accounting for approximately 17 percent of GDP. A lack of clear structures for aid coordination has led to challenges and in some cases to programming bottlenecks. A lack of aid predictability and of clearly defined multi-year commitments is also a risk to MDG programming, and has made it difficult for the government to undertake development planning for the medium and long-term.

While the full impact of the global economic crisis on Sierra Leone is not yet known, the country is at risk for a number of reasons. Minerals made up 89 percent of its exports in 2007, and the 2008 fourth quarter drop in commodity metal prices by 37 percent will impact its foreign exchange earnings. The country's diamond sector — which provides up to 300,000 jobs — is virtually at a standstill. In Sierra Leone, where the source of conflict can be traced to development failures whose root causes are still far from being fully addressed, any halt or reversal in economic recovery can constitute a serious threat to peace and stability.

To help improve progress towards its national targets, the government is strengthening MDG programming through its Agenda for Change, which forms the basis of the country's medium term Second Poverty Reduction Strategy. It focuses on four priorities: providing a reliable power supply; increasing agricultural productivity; developing a national transportation network to facilitate investment and economic activity; and ensuring sustainable human development by improving basic social services.

Syria is a lower middle-income country that has traditionally relied on oil exports and agriculture for government revenue and employment. It has benefited from moderate growth in recent years, which averaged above 4 percent from 2003 to 2007.

Widespread poverty and pervasive unemployment remain challenges for the government. About a third of Syria's population is affected by poverty, and almost 2.4 million people, or 12.3 percent of the population, live in extreme poverty – with much higher concentrations in rural areas. A high unemployment rate of 19.1 percent among youth aged 15-24 — and an alarmingly high rate of 49 percent among young females — further compounds the poverty challenge in Syria.

Reducing hunger is another area where the country lags behind. While the prevalence of underweight children under five declined from 12 percent in 1993 to 9.7 percent in 2006, the rate of improvement is not sufficient to meet the MDG target by 2015. And reflective of Syria's sharp regional and urban-rural disparities, the prevalence of underweight children is higher in the country's eastern and central regions relative to the coastal and northern areas.

In the education sector, the rate of net enrolment at the primary level decreased from about 95.4 percent in 1990 to 92 percent in 2007, falling behind in efforts to meet the target of universal enrolment. However illiteracy among youth aged 15-24 has improved and dropped recently to 5.5 percent, surpassing Syria's 6 percent target.

Progress has also been achieved in raising gender parity levels at both basic and secondary levels. But challenges in other areas of gender equality persist: in 2007 women only held 30 of 250 seats in Parliament.

Syria has been reducing child and infant mortality rates, which have improved considerably since the early 1990s, putting the country on track for meeting its targets; and similar progress has been made in lowering maternal mortality rates.

The country has been fortunate in having one of the lowest reported prevalence rates of HIV in the world, with a total of 552 HIV cases reported from 1987 to 2008; malaria is expected to be fully eradicated.

Insufficient data and monitoring have made it difficult to gauge the progress of indicators relating to adequate sanitation access. Still, indications are that Syria will not meet this target in six years, as the government remains challenged in improving sanitation systems in rural areas, where only 44.5 percent of people had adequate sanitation in 2006. But the country has made progress in providing safe drinking water and is on track for meeting this target.

Working with its international financial partners, Syria has lowered the size of its external debt by more than 15 percent from 2004 to 2007 as a result of the government's prudent external debt management policy.

## Constraints and Risks

Apart from the need to tackle wide regional disparities in poverty and basic social services, the government faces a number of critical issues that affect MDG progress, including: the lack of adequate institutional capacities, particularly with regards to delivery of public services; persistent high unemployment for youth; inadequate data monitoring systems; increasing water scarcity; and the need to better manage the impact of Iraqi refugees on the country's social and economic resource base.

Also of consequence will be Syria's ability to mitigate the negative fiscal effects expected to result from its growing energy consumption demand and dwindling oil reserves, and its success in diversifying its economy towards sectors that have high potential for employment generation.

Syria's Tenth National Five Year Plan has prioritized eradicating poverty, raising educational levels, improving basic infrastructure and social services and securing financial resources for the poor. Among the initiatives that target the MDGs are the National Social Aid Fund, a pension and health insurance scheme to strengthen the country's social safety net system, and the Women's Empowerment and Poverty Alleviation Programme — which offers women living in poor areas a comprehensive package of social and financial services.

In addition, the Rural Community Development Programme at Jabal al-Hoss is providing support to 40 villages in one of Syria's poorest regions. It has earned recognition for its work in improving income-earning and micro-credit opportunities, basic health and social services and for increasing the participation of women in local decision-making processes.

# TAJIKISTAN

Poverty in Tajikistan increased after the country's independence and costly civil war. Only after the peace accord in 1997 did the country mobilize sufficient development efforts that resulted in the resumption of economic growth, lower poverty rates and the gradual improvement of social conditions.

Driven by strong economic performance since the late 1990s, poverty declined significantly from 87 percent in 1999 to 40.9 percent in 2007. And the level of extreme poverty was halved from 36 percent to 17.4 percent during the same period, thus making this MDG target already achieved. Poverty reduction efforts were helped by the country's economic development and social and political stability, and by the flow of remittances that in 2008 amounted to 58 percent of GDP.

But Tajikistan has endured several setbacks, including water, energy and food crises that were exacerbated by the global economic downturn. These events made attainment of most targets seem increasingly unrealistic, and gains already made will be jeopardized without effective anti-crisis measures.

Food insecurity and poor nutrition continue to present an important concern. According to recent data, 24 percent of the population experienced inadequate food consumption in 2007. The status of nutrition in the country has not improved, and appears to have worsened, with child malnutrition widespread.

Enrolment in primary and lower secondary schools in Tajikistan increased from 2000 to 2007, reaching 99.5 percent for boys and 95 percent for girls. However the national MDG 2 targets of universal enrolment are considered not achievable by 2015.

Most children leave school at age 15, having completed only basic education, causing the enrolment rate to drop from 92 percent at age 15 to 34 percent at 18. Enrolment rates in Tajikistan are the lowest in the Europe and CIS region. Major challenges exist regarding the quality of education, including a lack of teachers, outdated learning materials and poor school maintenance.

In the area of gender, equal rights are guaranteed by law and programmes are being implemented for gender equality; however gender imbalances in education and in political representation persist. Poverty continues to affect women more than men, and in rural communities female-headed households are among the poorest. One area where Tajikistan appears to have met a gender target is in increasing the proportion of women employed in the non-agricultural sector — which was 51.6 percent in 2003 against a 2015 target of 50 percent.

MDG targets in the health sector are considered to be among the most challenging with the country's health indicators continuing to be the lowest in the region, reflecting Tajikistan's high infant, under-five and maternal mortality rates. However infant and child mortality rates have begun to show improvement in recent years, and progress for increasing the number of 1 year-old children immunized against measles appears on track.

Tajikistan is unlikely to reach the targets of halting the spread of malaria, tuberculosis and other diseases, including HIV by 2015. Progress on MDG 6 is affected by a lack of access to essential health care services and inadequate investment for disease control measures. The country had a HIV prevalence rate of 0.18 per 1000 people in 2008.

Tajikistan has made little progress in ensuring environmental sustainability and in preventing the loss of natural resources. In one instance, the absence of reliable electricity supply has forced rural inhabitants to turn to burning conventional biomass and fossil fuels for their energy needs, which deteriorates indoor air quality and has a negative effect on life in rural communities.

In its global partnerships for development, the country enjoys support from the international community in the form of loans, grants and technical assistance. From 1991 to 2006, it received nearly US\$2 billion in ODA from approximately 80 international aid organizations.

## Constraints and Risks

The government recently undertook a detailed assessment of resources needed for achieving the MDGs with support from UNDP and the Millennium Project. It concluded that a large resource gap exists, and that Tajikistan would likely need to double current aid levels in order to meet the MDGs by 2015.

The country is constrained by a lack of capacity for undertaking necessary reforms, investments and policy measures needed to improve social conditions and living standards. The ongoing economic crisis risks increasing poverty levels, with reduced demand for the country's main export commodities, fewer jobs in Russia and a decline in remittances.

Tajikistan's remoteness and isolation has constrained its participation in international markets, and has impeded economic development in the past. Progress has been made in building roads connecting Tajikistan to Uzbekistan, Kyrgyzstan and China that will promote better trade and regional cooperation. With international trade accounting for more than half the country's GDP, the country is relying on improved access to world markets to help underpin economic growth.

Tanzania's impressive growth, averaging 7.2 percent from 2001 to 2007, has been underpinned by comprehensive policy and structural reforms, effective macroeconomic management and achievements in governance following the restoration of political pluralism and liberalism in 1992. But while it has made notable gains, meeting its national MDG targets remain a challenge.

Growth has not been pro-poor or broad-based in Tanzania – poverty declined by a meager 6.6% from 2000 to 2007. About 33 percent of the population lives below the basic-needs poverty line, with women in both rural and urban areas dependent on non-renewable energy with limited access to financial resources and basic social services. In Zanzibar, the poverty incidence remains particularly high, at 51 percent. Unemployment remains a critical issue and is high, particularly among youth.

The country remains challenged by regional and gender-based disparities and despite near parity in primary school enrolment, girls and women remain poorly represented at the secondary and tertiary levels. In the legislature, the government has taken steps to improve the participation of women, with the number of women Parliament members increasing from 21 percent in 2000 to 30 percent in 2006/07.

Tanzania has made notable gains in reducing infant mortality rates, largely attributable to measles vaccination, vitamin A supplementation and the provision of insecticide treated bed nets. But maternal mortality rates of 578 per 100,000 live births remain high due to a shortage of skilled health

workers in rural areas, a lack of adequate transport to medical facilities, a high prevalence of early pregnancy and a low awareness of the importance of antenatal checkups. Interventions to reduce the incidence of malaria including the distribution of treated bed nets, have paid off in both mainland Tanzania and Zanzibar; the latter reporting a diagnosis rate of only 0.8 percent in 2006/07.

Curtailing the spread of HIV remains a top national priority for the government. With an overall prevalence rate of 7.4 percent, the spread of HIV remains the single most impoverishing force facing people and households in Tanzania today; and if not halted and reversed, threatens not the achievement of the country's MDGs.

In the area of the environment, the country's rate of deforestation remains quite high, casting doubts on the full achievement of the targets under MDG 7. Only 57 percent of rural households have access to improved water sources and about 90 percent have access to improved sanitation — compared to 98.5 percent in urban areas.

### National Programmes

The MDGs have been integrated into Tanzania's National Strategies for Growth and Poverty Reduction, and are the focus of several highly prioritized national programmes across the agriculture, health and education sectors. Achievement of universal primary education — under the Primary Education Development Programme — is now almost certain, with enrolment rates having jumped from 59 to 97 percent in eight years. Health initiatives working to reduce infant mortality and expand vaccination rates of children against measles are also showing positive results.

Strengthening data collection for improved MDG monitoring has also been an area of focus for the government. It recently established a national monitoring system which includes a ten year National Survey Plan and resource commitments to ensure year-by-year survey implementation and analysis. Tanzania also boasts a strong network of civil society organizations who are working for the achievement of the MDGs in targeted initiatives across the country. They are particularly active in the health sector, responding to the challenges posed by HIV, malaria and maternal health-related diseases.

### Constraints and Risks

Key challenges include inadequate institutional capacities needed to carry out effective MDG programming and delivery of basic services, and the need to improve linkages between national and local data collection systems for effective monitoring. Corruption also remains a serious issue and is perceived as a major constraint to development.

An additional challenge for the government remains the need to make growth pro-poor and equitable, so that the dividends of high growth can be shared across all levels of Tanzanian society. Re-orienting development policy with a focus on rural development along with supporting key services and industrial sectors would be positive steps in this direction.

# TIMOR-LESTE

Resource rich in oil reserves, Timor-Leste nonetheless remains a Least Developed Country with non-oil GDP per capita of US\$364. More than 80 percent of the population relies on subsistence farming, although many also receive overseas remittances and financial support from the government. Following the end of the political crisis in 2006, the country entered a post-conflict phase; the large UN peace-keeping presence and numerous technical assistance programmes attest to the capacity constraints faced by Timor-Leste.

Despite a surge in petroleum revenues in recent years, the country has been unable to channel sufficient resources for the MDGs, or to counter the effects of sharp increases in food prices that last year contributed to a rise in inflation of 10 percent. As a late comer to the MDGs, and in spite of progress in some areas, Timor-Leste is off track to achieve most of the goals.

From 2001 to 2007 the number of people living below the national poverty line, estimated at \$0.88 per day, increased from 36 percent to include nearly half the population. Also disturbing, about 45 percent of children under five are underweight, with the prevalence more pervasive in urban areas.

In the education sector, the net enrolment ratio at the primary level increased from 65 percent in 1999 to 78 percent in 2004, before dropping back to 63 percent in 2007 — possibly due to the country's 2006 political crisis. Enrolment is slightly higher in urban than in rural areas, with more girls enrolling than boys. The literacy rate of young people aged 15-24 jumped from 50 percent in 2001 to 85.1 percent in 2007, thought mainly to be the result of adult literacy campaigns. While the literacy gap between urban and rural areas has narrowed from 2004 to 2007, a challenge remains to further reduce urban-rural and gender imbalances.

Since there is little or no information on the sectors in which women are engaged, it is a challenge to assess whether genuine empowerment has taken place. The share of women in non-agricultural employment increased only slightly from 35 percent in 2001 to 36 percent in 2007, while the proportion of seats held by women in Parliament in 2007 was 28 percent, less than the minimum 30 percent baseline.

The under-five mortality rates also remain troublesome, rising to 130 per 1,000 live births in 2004 and infant mortality rates also worsened during that time. But in a sign of progress, 74 percent of one year old children were immunized against measles last year, compared to 50 percent in 2001. Greater investment in public health and improved access to services — along with public awareness campaigns aimed at rural populations — are needed to improve Timor-Leste's health indicators.

And despite improvements in the treatment and prevention of malaria — and greater usage of treated mosquito nets — malaria, along with dengue and TB, still pose significant health risks. Data limitations have presented a challenge to effective MDG monitoring in the health sector. The most recent data available on maternal mortality, for example is from 2000; and there is no systematic collection of data on HIV. Another key constraint has been the lack of capacity of national stakeholders to analyse and use available data to make informed policy decisions.

Falling far behind the national averages is Oecusse province, one of the poorest and most marginalized provinces in the country. The government is targeting assistance to the special needs of the poor in Oecusse with the support of its development partners, including UNDP.

## Constraints and Risks

The country's heavy dependence on oil revenues exposes it to the volatile commodity prices in international markets. Although the country engages in coffee and agricultural production the economy remains largely undiversified and vulnerable.

Unemployment, particularly among youth, is high and poses a major challenge to MDG achievement. Some estimates suggest that only 400 jobs are created annually, compared to nearly 15,000 people who enter the labor market. In Dili, the country's capital, 58 percent of youth aged 15-19 are unemployed.

Economic and social strife can also threaten important gains made in peace and stability, adding additional urgency to achieving the MDG agenda. The government faces a severe capacity gap in economic and social management, constraining policy design and implementation.

## National Programmes

Key government efforts for the MDGs include a cash payment scheme for internally displaced persons designed to help reintegrate them back into their communities, and a conditional cash transfer programme targeting vulnerable women, widows and single mothers. In the Oecussi province, local development activities are helping to reduce poverty by creating income earning opportunities and credit and savings schemes. An effort is also underway to rehabilitate bridges along the important Viqueque-Lospalos road in order to improve access to markets that are vital for small agricultural enterprises.

Togo's small economy is heavily dependent on agriculture, which employs about two-thirds of the country's workforce. Since 2000 the country's efforts towards the MDGs have taken place in the face of a challenging socio-economic environment that, until 2006, included the suspension of development cooperation with most of its partners and a reduction in public investments required for achieving the MDGs. Togo is also challenged by low economic growth, difficult living conditions and a young population where 44 percent is under the age of 15. Its Human Development Index has almost stagnated, moving from 0.496 in 1990 to 0.512 fifteen years later.

Togo will probably only be able to reach the Goals related to universal primary education and combating HIV, malaria, and other diseases. Other targets, such as food self-sufficiency and gender equality in primary education could be reached with sustained efforts.

In 2006, more than 61 percent of Togolese lived below the poverty line, dropping from 72 percent in 1990. The incidence of poverty is particularly high in rural communities, where three households out of four are poor, compared to two out of five in urban areas. Some regions show extremely high poverty rates, such as Savanes (90.5 percent), Central (77.7 percent) and Kara (75 percent). Moreover, poverty is strongly correlated to malnourishment, which affects more than 64 percent of poor Togolese.

Togo's school system suffered from a substantial shrinkage in public funding over the last decade which contributed to deterioration in education indicators and a drop in primary school enrolment. But renewed efforts have boosted net primary school enrolment from 67 percent in 1990 to 73.4 percent in 2006 — putting the country on track, according to the country's National Human Development Report, for meeting the target of universal primary enrolment.

The government has also drafted an education action plan to improve the sector with support from donors.

Regarding gender equality targets, Togo has lacked adequate resources to support meaningful progress. In the education sector, only the parity target in primary education is expected to be met by 2015. But a capacity building programme on gender, supported by UNDP, is underway, and a national action plan for gender equality and equity has been drafted.

Togo has undertaken initiatives to improve reproductive health and nutrition; still, the worsening economic situation and low expenditures for healthcare have led to a shortage of trained personnel and equipment for effective health delivery. In the area of reducing maternal mortality, rates remain high, with large numbers of childbirths unattended by health professionals.

With support from its development partners the government has adopted measures to combat the spread of HIV. National efforts have included the provision of needed drugs and prevention programmes targeting sex workers and mother to child transmission. The HIV prevalence rate among those aged 15-49 has been cut by almost half from 1990 to 2008 — from 6 percent to 3.2 percent — and have put Togo on track to achieve MDG 6.

Togo has enacted an action plan for the environment that focuses on goals in forestry, climate change, pollution, sanitation and desertification; but an analysis of economic and social development plans suggests that environmental considerations have only been partially taken into account. Rural populations seeking income-earning opportunities continue to have an impact on dwindling forestry resources.

## Constraints and Risks

Togo's MDG efforts have been affected by capacity constraints in the public and private sector and in civil society. The government has also been hampered by inadequate data collection and monitoring and with insufficient resources for generating reliable and disaggregated statistics. The country's most recent population census was taken in 1981 and the last demographic health survey was conducted in 1998. Poverty statistics are more recent, due to the 2006 QUIBB and MICS surveys that were funded by development partners. To address this, a national statistics development strategy and action plan was drafted in 2008 and is awaiting implementation.

In addition, after years of quasi suspension the level of external assistance to Togo is still very limited; ODA is estimated at roughly US\$11 per person, much lower than earlier levels and below the average for other countries in the sub-region.

A number of key programmes address MDG obstacles, including capacity limitations at the local level. One effort is the Millennium Communes, which is working to improve livelihoods and conditions of poor people in rural areas, with a special focus on gender. It is supporting microfinance, small entrepreneurship and investments in local infrastructure — including for schools, roads, water supply systems and energy. Likewise, the Integrated Rural Development Programme for the Savanes (PDRIS) is targeting women in the poor eastern region; it is helping to improve their livelihoods and conditions through agri-business, income-generating activities and by increasing their involvement in village development committees.

# VANUATU

Vanuatu, a small island developing state made up of 80 islands, has enjoyed strong growth that's averaged 5.6 percent a year since 2003, making its economy one of the fastest growing in the Pacific region. The expansion has been broad-based with growth in trade, tourism, construction and higher consumption demand.

Even so, Vanuatu remains one of five least developed countries in the Pacific, and had a Human Development Index of 0.640 in 2004.

The government has made progress in cutting poverty, which dropped from 40 percent in 1998 to below 16 percent in 2008. Extreme poverty and hunger are not major issues in the island-state, due to a robust agricultural sector and family solidarity. Poverty here is defined more in terms of a lack of opportunity to access the labor market, health and education services and life opportunities.

Unlike some developing countries, poverty in Vanuatu is more of an urban phenomenon, and affects 33 percent of people in Port Vila, the capital. There are growing income inequalities between rural and urban areas, causing an urban drift of young migrant workers seeking higher wages in cities, but also contributing to urban poverty levels.

The net enrolment ratio in primary school increased from 78 percent in 1999 to 93 percent in 2004, but the proportion of pupils starting grade one who reach the last grade of primary school declined from 91 percent in 2000 to 72 percent in 2004. Literacy among 15-24 year olds increased dramatically from 34 percent in 1989 to 86 percent in 1999.

The education sector receives around 23 percent of the total government budget, and receives funding also from development partners; but despite generous support and increased resources key targets have not been met, and significant urban and rural disparities exist.

Achieving education targets in Vanuatu is therefore unlikely. A strategy to achieve bi-lingual education needs to be addressed, as do the challenges

of improving school completion rates and teacher competence.

With donor support the government is implementing a number of national programmes to scale up progress in the education sector, these include: interventions aimed at improving teacher training and school curriculums; strengthening vocational skills for rural and provincial development; upgrading school infrastructure and training preschool coordinators in six provinces.

In the area of gender, the ratio of boys to girls in all school levels increased from 1991 to 2007, and there is no significant difference in literacy between men and women. The share of women working in non-agricultural sectors increased from 23 percent in 1989 to 40 percent in 1999; but jobs for women tend to be concentrated in traditional sectors, including domestic work and teaching. In Parliament, Vanuatu is far from the target of having at least 30 percent representation by women, who filled only 3.8 percent of Parliament seats last year.

The country is also challenged in the health sector: infant mortality rates declined from 45 percent in 1989 to 27 percent in 1999, but rose back to 31 percent in 2008; and immunization rates of one year olds against measles remains below 80 percent.

Despite some improvements, maternal health remains a concern in Vanuatu. The 2005 Vanuatu MDG Report indicates that there is no reliable data to calculate the maternal mortality ratio, and that an estimated 92 percent of births occur with no skilled attendants present. The low social and economic status of girls and women is seen as limiting access to proper health care and to family planning services.

In 2000, Vanuatu recorded a zero prevalence rate for HIV among those aged 15-24, however the proportion of that age group with comprehensive and correct knowledge of HIV declined from 28 percent in 1999 to 25.8% in 2007. The incidences of malaria and tuberculosis are declining.

In the environment sector, key concerns — including the sustainable management of fisheries, water resources and terrestrial and marine protected areas — are identified in the Environmental Management and Conservation Act of 2002. However implementation of the legislation has been slowed due to a lack of resources, and challenges are mounting in deforestation, coastal fisheries, biodiversity and solid waste management — the latter especially in and around Port Vila due to urban migration and population pressures.

## Constraints and Risks

Vanuatu has been one of the best performing Pacific economies, having benefited from an increase in tourism and investment, and from large numbers of migrant workers finding employment in New Zealand. But the global economic downturn has made it vulnerable to a drop in tourism revenues and to a loss of overseas jobs and investment from neighboring New Zealand and Australia.

In the area of MDG monitoring, there is a need to strengthen the country's statistical information system to improve data collection in such areas as health, education and gender. Vanuatu's most recent population census was done 1999 and the next is planned for this year.

As an island-nation in the Pacific, Vanuatu has immediate concerns regarding the threat of climate change, given the social and economic impacts of tropical cyclones and the population's dependence on rain fed agriculture and subsistence gardening. The Vanuatu National Adaptation Program of Action (NAPA) reveals that Vanuatu is among Pacific countries that are most vulnerable to the risks of climate change and to sea-level rise. NAPA is currently working to develop a country-wide programme of adaptation activities for priority sectors aimed at helping to mitigate the effects of climate change, and of extreme events.

Despite advances on several development fronts, Yemen remains one of the world's poorest countries and ranked 153 out of 177 on the Human Development Index. With the possible exception of meeting some universal primary education targets, the country is off-track for achieving most MDGs by 2015.

Yemen's development efforts take place against a backdrop of rising unemployment and population growth, declining oil reserves and limited arable land and water supplies. Important development wins are also being threatened: gains made in reducing income poverty from 1998 to 2006, for example, are at risk of being reversed due to increases in food prices, a rise of unskilled labour and stagnant incomes for farm workers.

In 2006, 60 percent of Yemen's population lived below the country's upper poverty line (equivalent to about \$1.3 per day), a small decline from over 65 percent in 1998. Progress has been even slower in the country's rural areas, where the rate dropped from 67 percent to 64 percent during the same period.

The proportion of Yemenites living below the food poverty line improved at a somewhat faster pace, falling to 12.5 percent in 2006 from more than 20 percent in 1998. But the persistent increases in food prices are putting these hard-fought gains at risk, and malnutrition is worsening. The proportion of under-five children that are underweight rose from 30 percent in 1992 to 46 percent in 1998, and remained at that level through 2003.

The government has placed an emphasis on improving primary school education, and trends have pointed to a rise in gross enrolment — from 58 percent in 1997/98 to 66.5 percent in 2003/04, with adult literacy reaching 50 percent in 2006. But the national averages mask geographic and gender disparities, with boys and urban children enjoying greater educational opportunities and higher enrolment rates. Despite progress made in girls' education, gross enrolment was only 51.5 percent in 2003, and their ratio to boys in the first year of primary education was 75 percent in 2002.

While both under-five and infant mortality showed a clear downward trend from 1990 to 1997, the rate of improvement has since slowed, making it a challenge to meet these targets in six years. And maternal mortality, while improving since 1990 when it was believed to be over 500 per 100,000 live births, fell to 365 per 100,000 births in 2003. It remains the leading cause of death among women of reproductive age, accounting for 42 percent of all deaths.

Data revealed an upsurge in malaria from 1990 to 2000. The number of reported cases rose from 1263 per 100,000 in 1990 to 1532 in 2000, before later being reversed and dropping to 263 in 2006. Yemen has also been increasing immunization coverage and has made gains curtailing measles and polio.

Yemen's progress in increasing access to improved drinking water sources has been slow, with the proportion of the population with potable drinking water increasing from 66 percent to 69 percent from 1990 to 2000. However the percentage of the population with improved sanitation increased at a far greater rate — from 21 percent to 88 percent during those years.

## Constraints and Risks

Like in many developing countries, the government is challenged by large regional disparities in the delivery of basic health and social services and in overall poverty rates, with extreme poverty relatively low in the urban centers of Aden and Sana'a and much higher in rural areas.

The persistence of a high population growth rate that continues to exceed 3 percent is not expected to decline radically in the near future; and rising unemployment, in the face of a youthful and growing population, further complicates MDG attainment.

Yemen's future development is also threatened by depletion of its water resources if current rates of off-take continue, and the country is prone to droughts and flash floods due to climate change which can undermine agriculture and food production activities.

The global economic crisis and falling commodity prices also threaten to reduce the amount of revenue available to the government for MDG programming, as 70 percent of the national budget is dependent on oil revenues which are expected to decline by 50 percent or more in the next two years.

## National Programmes

To address pressing development challenges, the government included a comprehensive set of goals in its National Strategic Vision 2025, by which time it aims to achieve middle income status. Yemen was selected as one of eight UN Millennium Project pilot countries, and the government led an MDG needs assessment process that helped identify investment requirements. Subsequently, the Third National Socio-economic Development Plan for Poverty Reduction (2005-2010) was formulated and aligned to the MDGs. One outcome has been the prioritization of the health sector, where the country faces urgent challenges in such areas as reducing under-five and maternal mortality rates.

# ANNEXES

Annex 1.0: Questionnaire and Reporting Format

Annex 1.1: Global Millennium Development Goals with targets and indicators

Annex 1.2: National Adaptation of MDG Goals, Targets and Indicators

Annex 2.1: Years and Sources for Poverty and Gini Data

Annex 2.2: Common Safety Net Programmes

Annex 2.3: Good Practices of Employment Creation in Developing Countries

Annex 3.1: Participatory Monitoring Tools

References



# ANNEX 1.0: QUESTIONNAIRE AND REPORTING FORMAT

Since advisors will have about 5-7 days for each country assessment, it is recommended that Part A of the questionnaire be completed (by the advisors) prior to the in-country mission and parts B, C & D be completed after consultations with stakeholders in the country. Stake-holders to be consulted should include government, key civil society organizations/actors and development partners.

## A. Current Status of MDGs: Progress and Challenges

- 1) Using the latest MDGR (and/or data), conduct a gap analysis to identify which MDG targets are on-track and which are lagging behind.
- 2) Highlight key issues that affect monitoring the MDGs, including the availability of data (including sex disaggregated data) for establishing benchmarks and up-to-date assessments, and the tailoring of global targets to national contexts.
- 3) Review MDG progress at the sub-national level, where available. What do the trends indicate about the in-country differences?
- 4) Identify key national development challenges and implementation bottlenecks which may undermine achievement of the MDGs (ex: conflict, weak governance structures, capacity constraints). Refer to Common Country Assessment (CCA).
- 5) Prepare a table reflecting the key programmes/initiatives of the UNDP CO across practices in support of the MDGs. Refer to CPAP.
- 6) Have any of these initiatives had impact or achieved demonstrable outcomes with respect to the MDGs? If yes, what indicators and methods of measurement are used to determine impact? Refer to CPAP Reviews and impact evaluations.
- 7) Briefly describe such initiative(s) and the key factors that account for its success. If this is not reflected in the CPAP Review, please consult with the CO.

## B. Potential Risks to Sustaining MDG Progress

- 8) How is the current global financial/economic crisis likely to impact MDG progress in the country? Specifically, have development partners reduced their commitments for development finance? How will the crisis impact domestic revenues?
- 9) Which Goals (targets) are most likely to be affected by the crisis? How?
- 10) For countries in Special Development Circumstances (post-conflict, crisis), are there additional specific factors which should be specially noted?
- 11) Is climate change a potential risk? How will it likely impact MDG progress and which are the key sectors that will be affected?

## C. National Programmes in Support of MDG Achievements

- 12) In light of the MDG gap analysis, has the government prioritized any of the Goals (targets) for specific attention by introducing, replicating and/or scaling up programmes in areas such as hunger, maternal mortality, primary school enrolment, etc.? If yes, are these national priorities reflected in the PRSPs, national plans, or sector strategies? Prepare a list of national programmes that have an MDG focus and indicate if and which development partners (including UNDP) support implementation of these programmes.
- 13) Are there programmes involving civil society that are effective in advocating for the MDGs and/or specific Goals?
- 14) Are there any good practices in the country (with respect to national programmes or donor supported programmes) that have achieved impact and have had demonstrable outcomes with respect to MDG progress?
- 15) What criteria were used to determine if this is a good practice?

## D. Future Options for UNDP Assistance for the MDGs

- 16) Given the MDG gap analysis and in light of recent global developments, what are potential entry points for programming UNDPs future assistance to the government for the MDGs? (i.e. should we promote job creation as a key entry point for programming our assistance in light of rising income poverty?). For example, in the poverty practice, this could include programming for employment creation – especially youth employment; hunger mitigation/food security; conditional cash transfer programmes for ensuring attendance of children in primary school; fiscal space assessments to estimate the potential of replicating or scaling up of successful interventions; targeted area development programmes which provide integrated services to vulnerable communities or to people living in remote areas of the country.
- 17) What are potential programming entry points from other practice perspectives? (Governance, Energy & Environment, Gender, HIV/AIDS, Crisis Prevention and Recovery). For instance, service delivery at the decentralized level focusing on modern energy services, sanitation and safe water, reproductive health, HIV? Community management of natural resources? Promoting civil society capacity to monitor the quality of social services?
- 18) Given the interconnectedness of the MDGs, are there cross-practice initiatives which can be recommended as we move forward? (ex: programmes that enhance food security for women farmers, employment creation programmes focusing on “green jobs”, etc).
- 19) What is UNDPs comparative advantage in supporting the specific initiatives identified above?
- 20) Should we reorient and refocus the support that we have been providing thus far? How so? For instance, has much of UNDP support been focused on MDG-based planning? Should we move more to supporting implementation of on-the-ground programmes or programmes that scale up support for specific MDG related interventions?
- 21) Is the internal organization of UNDP (e.g. knowledge sharing platforms, tools, manuals, publications, coherence between global-regional-country level) optimal, and how can it be improved to maximize impact?
- 22) What are the key constraints that the UNDP CO and the UNCT face in terms of providing effective support to national efforts in achieving the MDGs? Do teams have the necessary leadership and technical resources? Are joint programming processes conducive and aligned? Are financial resources adequate?

# ANNEX 1.1: GLOBAL MILLENNIUM DEVELOPMENT GOALS WITH TARGETS AND INDICATORS

## MDG 1: Eradicate Extreme Poverty and Hunger

<b>Target 1a: Reduce by half the proportion of people living on less than one dollar a day</b>	1.1: Proportion of population below \$1 (PPP) per day 1.2: Poverty gap ratio 1.3: Share of poorest quintile in national consumption
<b>Target 1b: Achieve full and productive employment and decent work for all, including women and young people</b>	1.4: Growth rate of GDP per person employed 1.5: Employment-to-population ratio 1.6: Proportion of employed people living below \$1 (PPP) per day 1.7: Proportion of own-account and contributing family workers in total employment
<b>Target 1c: Reduce by half, between 1990 and 2015, the proportion of people who suffer from hunger</b>	1.8: Prevalence of underweight children under five years of age 1.9: Proportion of population below minimum level of dietary energy consumption

## MDG 2: Achieve Universal Primary Education

<b>Target 2a: Ensure that, by 2015, all boys and girls will be able to complete a full course of primary schooling</b>	2.1: Net enrolment ratio in primary education 2.2: Proportion of pupils starting grade 1 who reach last grade of primary 2.3: Literacy rate of 15-24 year-olds, women and men
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## MDG 3: Promote Gender Equality and Empower Women

<b>Target 3a: Eliminate gender disparity in primary and secondary education, preferably by 2005, and at all levels of education by 2015</b>	3.1: Ratios of girls to boys in primary, secondary and tertiary education 3.2: Share of women in wage employment in the non-agricultural sector 3.3: Proportion of seats held by women in national parliament
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## MDG 4: Reduce Child Mortality

**Target 4a: Reduce by two thirds, between 1990 and 2015, the mortality rate among children under five**

4.1: Under-five mortality rate  
4.2: Infant mortality rate  
4.3: Proportion of 1 year-old children immunised against measles

## MDG 5: Improve Maternal Health

**Target 5a: Reduce by three quarters, between 1990 and 2015, the maternal mortality ratio**

5.1: Maternal mortality ratio  
5.2: Proportion of births attended by skilled health personnel

**Target 5b: Achieve, by 2015, universal access to reproductive health**

5.3: Contraceptive prevalence rate  
5.4: Adolescent birth rate  
5.5: Antenatal care coverage (at least one visit and at least four visits)

## MDG 6: Combat HIV/AIDS, Malaria and Other Diseases

**Target 6a: Have halted by 2015 and begun to reverse the spread of HIV/AIDS**

6.1: HIV prevalence among population aged 15-24 years  
6.2: Condom use at last high-risk sex  
6.3: Proportion of population aged 15-24 years with comprehensive correct knowledge of HIV/AIDS  
6.4: Ratio of school attendance of orphans to school attendance of non-orphans aged 10-14 years

**Target 6b: Achieve, by 2010, universal access to treatment for HIV/AIDS for all those who need it**

6.5: Proportion of population with advanced HIV infection with access to antiretroviral drugs

**Target 6c: Have halted by 2015 and begun to reverse the incidence of malaria and other major diseases**

6.6: Incidence and death rates associated with malaria  
6.7: Proportion of children under five sleeping under insecticide-treated bed nets  
6.8: Proportion of children under five with fever who are treated with appropriate anti-malarial drugs  
6.9: Incidence, prevalence and death rates associated with tuberculosis  
6.10: Proportion of tuberculosis cases detected and cured under directly observed treatment short course

## MDG 7: Ensure Environmental Sustainability

<b>Target 7a: Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources</b>	7.1: Proportion of land area covered by forest 7.2: CO <sub>2</sub> emissions, total, per capita and per \$1 GDP (PPP) 7.3: Consumption of ozone-depleting substances 7.4: Proportion of fish stocks within safe biological limits
<b>Target 7b: Reduce biodiversity loss, achieving, by 2010, a significant reduction in the rate of loss</b>	7.5: Proportion of total water resources used 7.6: Proportion of terrestrial and marine areas protected 7.7: Proportion of species threatened with extinction
<b>Target 7c: Halve, by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation</b>	7.8: Proportion of population using an improved drinking water source 7.9: Proportion of population using an improved sanitation facility
<b>Target 7d: Achieve significant improvement in lives of at least 100 million slum dwellers, by 2020</b>	7.10: Proportion of urban population living in slums

## MDG 8: Develop a Global Partnership for Development

<b>Target 8a: Develop further an open, rule-based, predictable, non-discriminatory trading and financial system</b>	<p><b>Official Development Assistance (ODA) – 8.1 to 8.5</b></p> <p>8.1: Net ODA, total and to the least developed countries, as percentage of OECD/DAC donors' gross national income</p> <p>8.2: Proportion of total bilateral, sector-allocable ODA of OECD/DAC donors to basic social services (basic education, primary health care, nutrition, safe water and sanitation)</p> <p>8.3: Proportion of bilateral official development assistance of OECD/DAC donors that is untied</p> <p>8.4: ODA received in landlocked developing countries as a proportion of their gross national incomes</p> <p>8.5: ODA received in small island developing States as a proportion of their gross national incomes</p> <p><b>Market Access- 8.6 to 8.9</b></p> <p>8.6: Proportion of total developed country imports (by value and excluding arms) from developing countries and least developed countries, admitted free of duty</p> <p>8.7: Average tariffs imposed by developed countries on agricultural products and textiles and clothing from developing countries</p> <p>8.8: Agricultural support estimate for OECD countries as a percentage of their gross domestic product</p> <p>8.9: Proportion of ODA provided to help build trade capacity</p> <p><b>Debt Sustainability- 8.10 to 8.12</b></p> <p>8.10: Total number of countries that have reached their HIPC decision points and number that have reached their HIPC completion points (cumulative)</p> <p>8.11: Debt relief committed under HIPC and MDRI Initiatives</p> <p>8.12: Debt service as a percentage of exports of goods and services</p>
<b>Target 8b: Address the special needs of the least developed countries</b>	
<b>Target 8c: Address the special needs of landlocked developing countries and small island developing States</b>	
<b>Target 8d: Deal comprehensively with the debt problems of developing countries through national and international measures in order to make debt sustainable in the long term</b>	
<b>Target 8e: In cooperation with pharmaceutical companies, provide access to affordable essential drugs in developing countries</b>	8.13: Proportion of population with access to affordable essential drugs on a sustainable basis
<b>Target 8f: In cooperation with the private sector, make available the benefits of new technologies, especially information and communications</b>	8.14: Telephone lines per 100 population 8.15: Cellular subscribers per 100 population 8.16: Internet users per 100 population

## ANNEX 1.2: NATIONAL ADAPTATION OF MDG GOALS, TARGETS AND INDICATORS

Europe and the CIS			
Country	Goals	Targets	Indicators
Albania	<p>Added Goal 9 “Establish and strengthen a good governance process”</p> <p>Expanded Goal 1, including other dimensions of poverty</p> <p>Expanded Goal 2 on education quality</p> <p>Modified Goal 6 (TB in lieu of malaria)</p>	<p>Added national targets for Goals 1, 2, 3, 8</p> <p>Modified targets for national conditions for Goals 1, 4, 5, 6</p>	<p>Added national indicators for Goals 1, 2, 6, 8</p> <p>Expanded on existing indicators for Goals 2, 4</p> <p>Modified indicators for national conditions for Goal 1</p>
Armenia	<p>Expanded Goal 2 to be universal basic education (grades 1-8)</p>	<p>Added national targets for Goals 3, 8</p> <p>Expanded existing targets for Goal 2</p> <p>Modified targets for national conditions for Goals 1, 7</p>	<p>Added national indicators for Goals 1, 2, 7, 8</p> <p>Expanded on existing indicators for Goals 3, 4, 6</p> <p>Modified indicators for national conditions for Goals 1, 3</p>
Kyrgyzstan	<p>Expanded Goal 2 to be universal basic secondary education (grades 1-9)</p>	<p>Added national target for Goal 8</p> <p>Expanded existing targets for Goal 2</p> <p>Modified targets for national conditions for Goals 1, 3, 7</p>	<p>Added national indicators for Goals 3, 5, 6, 8</p> <p>Expanded on existing indicators for Goals 1, 2, 6, 7</p> <p>Modified indicators for national conditions for Goal 8</p>
Tajikistan	<p>Expanded Goal 2 to be universal basic education (grades 1-9)</p>	<p>Added national targets for Goals 1, 2, 3, 7</p> <p>Expanded existing targets for Goals 1, 2, 4, 5, 7</p>	<p>Added national indicators for Goals 1, 2, 3, 5, 6, 7</p> <p>Expanded on existing indicators for Goals 2, 3, 4, 7</p>

## Arab States

Country	Goals	Targets	Indicators
Bahrain	(no change)	(no change)	(no change)
Iraq	<p>MDGs in the Iraqi National Development Strategy (2007-2010)</p> <p>Added new Goal on Controlling Corruption (Goal 8)</p> <p>Modified Goal 6 (Full access to water with added health services component) and 7 (Decent housing for all)</p> <p>There are no HIV/AIDS, biodiversity or global partnership goals</p> <p>Goals 1 and 5 have been slightly modified to Mitigate Poverty and Hunger and Reduce Maternal Mortality</p>	<p>There is an ongoing exercise to tailor targets</p> <p>MDG targets included in the Iraqi National Development Strategy (2007-2010)</p> <p>Added targets for the new Goal 8 on corruption and added a new target for Goal 7 on decent housing</p> <p>Expanded targets related to full health service access, as well as for Goals 1 and 2</p> <p>Modified targets for Goals 1 and 5</p> <p>Added targets for Goals 1, 3, 5</p>	[New indicators for new targets]
Morocco	(no change)	Expanded targets for Goals 2, 3, 6, 7	<p>Added indicators for Goals 1, 3, 4, 5, 7</p> <p>Expanded on existing indicators for Goals 1, 2, 3, 4, 6, 8</p>
Syria	(no change)	(no change)	Expanded indicators for Goals 2 and 6
Yemen	(no change)	Expanded existing target for Goal 1	Modified indicators for Goal 8 to reflect national requirements

## Asia and the Pacific

Country	Goals	Targets	Indicators
Bangladesh	(no change)	(no change)	Added indicators for Goals 6, 7 Expanded indicator for Goal 2 Modified indicators for Goals 1, 7
Cambodia	Added MDG 9 on De-Mining, UXO and Victim Assistance Expanded MDG 2 to include nine year basic education	Added targets for Goals 3 and 9 Expanded targets for Goals 2, 3, 6 Modified targets for Goals 1, 4, 7	Added indicators for Goals 1, 2, 3, 4, 5, 6, 7, 9 Expanded indicators for Goals 1, 2, 3, 6 Modified existing indicators for Goals 1, 6, 7
India	(no change)	(no change)	Added indicator for Goal 7 Modified indicators for Goals 1, 2, 6 Expanded indicators for Goals 2, 3, 6
Indonesia	(no change)	Modified target in Goal 8	Added indicator for Goal 1, 3, 5, 6, 7, 8 Modified indicator for Goal 1, 4, 7, 8 Expanded indicator for Goals 1, 2, 3, 4
Lao PDR	(no change)	(no change)	(no change)
Mongolia	Added Goal 9 "Good governance and zero tolerance to corruption" Modified Goal 6 to include nationally relevant diseases (STIs, TB)	Added national target for Goals 1, 6, 7 and new goal 9 Expanded existing targets for Goals 1, 7 Modified targets for national conditions for Goals 6 and 8	Are redefining indicators
Nepal	(no change)	(no change)	Added indicator for Goal 1, 6, 7 Modified indicator for Goal 1 Expanded indicator for Goal 6
Timor-Leste	(no change)	(no change)	Expanded indicator for Goal 2
Vanuatu	(no change)	(no change)	Added indicators for Goals 2, 3, 4, 5, 6 Modified indicators for Goals 1, 2, 6 Expanded indicators for Goal 3

## Latin America and the Caribbean

Country	Goals	Targets	Indicators
Colombia	Expanded Goal 6 to include Dengue	Added national targets for Goals 2, 3 (domestic violence), 5 (cervical cancer) and 6 Expanded existing targets for Goals 2, 3, 4, 6 Modified targets for national conditions for Goal 6	Added indicators for Goals 1, 2, 3, 5, 6 Expanded existing indicators for Goals 2, 3, 4, 6 Modified indicators for Goals 1, 6
El Salvador	(no change)	(no change)	An indicator measuring Chaga's disease was added to MDG-6 Modified indicators for Goals 1 and 2 to reflect national conditions
Jamaica	(no change)	(no change)	Uses the national poverty line instead of \$1 per day

## Africa

Country	Goals	Targets	Indicators
Botswana	(no change)	Added targets for Goals 2, 3, 4, 6, 7 Expanded targets for Goals 2, 3, 4 Modified target for Goal 1	Added indicators for Goals 1, 2, 3, 4, 6, 7, 8 Expanded indicators for Goals 2, 3, 4 Modified indicators for Goal 1
Ethiopia	(no change)	(no change)	Added indicators for Goals 1, 2, 7 Expanded indicators for Goals 2, 4, 5 Modified indicators for Goals 1, 2, 5, 7
Ghana	(no change)	Expanded target for Goal 3 Modified target for Goal 1	Expanded indicator for Goal 3 Modified indicators for Goals 1, 2
Malawi	(no change)	(no change)	Added indicator for Goal 7 Modified indicators for Goals 1 Expanded indicators for Goal 6
Mozambique	(no change)	(no change)	(no change)
Senegal	Separated Goal 1 into two separate goals (poverty and hunger) Separated Goal 7 into two separate goals (environment sustainability and access to potable water)	Added target for new MDG on food security to cover malnutrition (for all)	(no change)
Sierra Leone	Separated Goal 1 into two separate goals (poverty and hunger)	(no change)	(no change)
Tanzania	(no change)	Modified target for Goal 1	Added indicators for Goals 1, 2, 7 Expanded indicators for Goals 2, 4, 6 Modified indicators for Goal 1
Togo	(no change)	(no change)	Added indicators for Goals 3 Modified indicators for Goals 1 Expanded indicators for Goals 2, 4

## ANNEX 1.3: PROJECTED IMPACT OF ECONOMIC AND FINANCIAL CRISIS ON SAMPLED COUNTRIES

Country	Remittances	Export Receipts	Private Capital Flows	Impact on Growth and Government Revenues
Albania	Remittances constituted 14% of GDP in the period 1992-2003. This is expected to drop.	Lower export receipts		
Armenia				According to the IMF, growth will slow by up to 8% in 2009, mainly due to the drop in remittances and exports (of mineral products). In the first quarter of 2009, budget revenues declined by 14.6% compared with the same period in 2008.
Bangladesh	The economy is highly dependant on remittances (about 10% of GDP in 2008-09).	Export receipts are likely to fall (garment exports constitute 80% of total exports)		
Botswana		The country's diamond industry practically collapsed towards the end of 2008 and production is expected to be lower by 35% and prices by 15% in 2009. Prices of copper and nickel (also important exports) have fallen by 70-80% from their peak.		The impact of the economic crisis has been severe. The economy is highly vulnerable to changes in global demand and commodity prices: the mining sector, notably diamonds, accounts for more than 40% of GDP, more than 40% of government revenue and 90% of foreign exchange earnings.
Colombia	Remittances have dropped by 7%.	Export revenues have fallen (both due to a drop in the volume of exports and due to falls in the prices of exports (coal, oil, nickel).	FDI has fallen	Government revenues are expected to fall.
El Salvador	Remittances are likely to fall			The social development budget which had increased by 16.7% in 2006-07 increased by 2.3% in 2008 and 2.8% in 2009.
Ethiopia	Fall in remittances	Fall in export revenue	Drop in FDI	According to the IMF, economic growth is expected to slow down from the past 4 year average of 11% to 8% in 2008 and 6.5% in 2009.
Ghana	Decline in remittances expected	Decline in export receipts has been substantial	FDI is expected to slow	Ghana's economy is highly dependant on natural resources: timber, cocoa, minerals and fish represent half of GDP, 90% of foreign exchange earnings and 70% of total employment. Fluctuations in commodity prices have impacted both economic growth and revenues.

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Country	Remittances	Export Receipts	Private Capital Flows	Impact on Growth and Government Revenues
Iraq		Export revenues from oil constitute 75% of the budget. The drop in oil prices will adversely impact government revenues		Due to the drop in oil prices, the government budget fell from \$79 billion to \$59 billion
Jamaica	Remittances are likely to fall	Reduction in the price of bauxite (the main mineral export) has lowered export receipts.		
Kyrgyzstan	Remittances accounted for 19% of GDP in 2007. According to an ADB study, 15.9% of all households receive remittances. Remittance income dropped by 30% in the first quarter of 2009.	Export revenues have fallen dramatically. In the first quarter of 2009, exports contracted by 30% against the same period in 2008.	FDI inflows have fallen sharply	GDP growth is expected to drop to 0.9% in 2009 against 7.6% in 2008.
Lao PDR	Remittances have fallen	Export receipts are down. Copper prices contracted by 1/3 compared to 2007 prices.		Government revenues are down by \$ 200 million. Public expenditure has been cut.
Malawi				Exchange rate appreciations can impact the volume of ODA
Mongolia		Export receipts have fallen (mainly on account of falling copper prices)	FDI flows have fallen	The IMF expects GDP growth to drop to 2.8% in 2009 (compared to 9.9% in 2007).
Morocco	Formal remittances through banks decreased by 3.5% in 2009.	Exports (phosphates, car parts, textiles) have fallen by 32% in the first 2 months of 2009.		Growth is expected to fall by 1.5-2% in 2009 because of decline in tourism revenues, export revenues and remittances.
Mozambique				Impact of the crisis likely to be moderate mainly due to falling tourism and export (prawns, cashew) revenues.
Nepal	In 2007, remittances were 25% of GDP.			Growth is likely to be dampened on account of falling tourism and export revenues
Sierra Leone	Remittances are critical with an estimated 86% of overseas Sierra Leoneans sending money home regularly.	Export revenues have fallen sharply. Minerals made up 89% of exports alone in 2007; the 37% drop in commodity prices in the last quarter of 2008 will significantly impact foreign exchange earnings. Anecdotal evidence suggests that the diamond sector is at a virtual standstill.		Growth is expected to slow down considerably.
Syria	Fall in remittances		Fall in FDI	Medium term growth outlook projected downwards.

Continued on next page

Country	Remittances	Export Receipts	Private Capital Flows	Impact on Growth and Government Revenues
Syria	Fall in remittances		Fall in FDI	Medium term growth outlook projected downwards.
Tajikistan	Remittances from migrant Tajik workers in Russia amounted to 58% of GDP in 2008. 24% of Tajik households depend on remittances. According to the IMF, the flow of remittances fell by 33% in the first quarter of 2009.	Exports contracted by 40% in the first quarter of 2009 as compared to the same period in 2008.	FDI inflows have fallen sharply since early 2009.	GDP growth is expected to fall by 2-3% in 2009. Budget revenues in 2009 are expected to be 80% of planned estimates; government spending has been cut by 9.6%.
Tanzania		Export revenues have fallen	FDI inflows have slowed	Growth is expected to slow down from 7.2% to 6.5% due mainly to the drop in exports and due to the fall in international commodity prices (cotton, coffee, tanzanite). Cotton prices have dropped by 20% since Jan 2008. Government revenues have already dropped.
Timor-Leste		Export receipts have fallen dramatically.		The economy is highly dependant on oil exports. If the price of oil falls below \$40 a barrel, the country's Petroleum Fund will face depletion over time.
Yemen	Fall in remittances likely	Fall in export revenues	Fall in FDI likely	With the drop in oil prices, the share of revenue in GDP is expected to fall from 37.4% in 2008 to 24.7% in 2013. Total expenditures are expected to drop from 43% of GDP in 2008 to 26.9% of GDP in 2013.

## ANNEX 2.1: YEARS AND SOURCES FOR POVERTY AND INEQUALITY DATA

Country	Poverty Rate <sup>56</sup> (mid-late 90s)	Poverty Rate <sup>56</sup> (mid 00s)	Gini <sup>57</sup> (mid 90s)	Gini <sup>57</sup> (mid 00s)
Albania	25% (2002)	19% (2005)	0.282 (1997)	0.330 (2005)
Armenia	50% (1999)	25% (2007)	0.440 (1996)	0.338 (2003)
Bahrain	N/A	N/A	N/A	N/A
Bangladesh	51% (1996)	40% (2005)	0.318 (1996)	0.318 (2005)
Botswana	47% (1994)	30% (2003)	0.610 (1995)	N/A
Cambodia	36% (1997; WDI)	35% (2004; WDI)	0.380 (1994)	0.417 (2004)
Colombia	60% (1995; WDI)	46% (2005)	0.576 (1995)	0.586 (2006)
El Salvador	51% (1995; WDI)	37% (2002; WDI)	0.500 (1995)	0.500 (2005)
Ethiopia	46% (1996)	38% (2005)	0.400 (1995)	0.300 (2005)
Ghana	40% (1999)	28% (2006)	0.410 (1998)	0.430 (2006)
India	36% (1994)	28% (2005)	N/A	0.368 (2005)
Indonesia	15% (1995)	15% (2008)	N/A	0.390 (2005)
Iraq	N/A	N/A	N/A	N/A
Kyrgyzstan	25% (2001)	7% (2007)	0.540 (1993)	0.330 (2004)
Lao PDR	39% (1998; WDI)	33% (2003; WDI)	0.350 (1997)	0.330 (2003)
Malawi	54% (1990)	40% (2007)	0.503 (1998)	0.390 (2004)
Mongolia	36% (1995; WDI)	35% (2007)	0.330 (1995)	0.330 (2005)
Morocco	15% (2001)	9% (2007)	0.395 (1999)	0.410 (2007)
Mozambique	69% (1997)	54% (2003)	0.440 (1997)	0.473 (2003)
Nepal	42% (1996)	31% (2004)	0.380 (1996)	0.472 (2004)
Senegal	57% (2000)	51% (2005)	0.413 (1995)	0.390 (2005)
Sierra Leone	70% (2003)	66% (2007)	0.629 (1990)	0.430 (2003)
Syria	14% (1997)	12% (2004)	N/A	N/A
Tajikistan	87% (1999)	41% (2007)	0.320 (1999)	0.340 (2004)
Tanzania	39% (1991; WDI)	34% (2004)	0.340 (1992)	0.350 (2000)
Timor-Leste	36% (2001)	50% (2007)	N/A	N/A
Togo	72% (1990)	62% (2006)	N/A	0.340 (2006)
Vanuatu	40% (1998)	16% (2008)	N/A	N/A
<b>Average</b>	<b>45%</b>	<b>35%</b>	<b>0.398</b>	<b>0.400</b>

56 National poverty line, Data from World Development Indicators. In cases where data for the national poverty line was not available in WDI, data from the National MDG Reports was used.

57 Data from World Development Indicators, World Bank

## ANNEX 2.2: COMMON SAFETY NET PROGRAMMES

**Conditional Cash Transfer (CCT)** programmes provide cash payments to poor households that meet certain behavioral requirements, generally related to children's healthcare and education. The cash component in CCTs are meant to provide an incentive to families to participate in nutrition and education programmes and to compensate them for the short-term cost of participating in these programmes, such as lost wages of children who attend school. CCTs often provide cash to women who are most likely to spend resources on their children. They increase the purchasing power of the poor through direct cash transfers and help in alleviating undernutrition. They have become one of the most popular social protection programmes in developing countries, especially in Latin America. CCTs are most effective in countries which have low demand for services and good quality of existing services.

**Rationed food subsidy** is a quota, or rationed subsidy of food to households, which ensure regular supplies of essential food products at subsidized prices. Rations tend to benefit the poor more than general food subsidies, which are more difficult to target. In these programmes, subsidized food is available at designated ration shops, which restrict the quantity each household can purchase at the subsidized price. The coverage of rations is often limited due to the infrastructure required to implement the programme and to avoid disturbing production incentives. Well targeted programmes often locate the ration shops in poor neighborhoods in rural areas most affected by food shortages, malnutrition or other deficiencies. Rationed food subsidy programmes have been operating in Egypt and in several countries in South Asia, including Bangladesh, India, Pakistan and Sri Lanka.

**Public Works Programmes** are employment schemes that provide guaranteed unskilled wage employment at minimum wages. In some instances, food may be provided as a wage instead of cash. These programmes are usually self-targeting, meaning everyone is eligible to apply for employment, but since work is usually physical and at minimum wages, only the poor have enough incentive to apply. These schemes are used to construct infrastructure such as roads, schools and

water harvesting structures, which will spur long term growth. Using food as a wage is appropriate when the market for food is disrupted and there are supply constraints. Wages should be paid either daily or weekly due to the liquidity issues of the poor, and there should be provisions, either in the programme or through other schemes, for households which cannot do physical work due to age or physical disability.

**Supplementary Feeding Programmes** distribute food to augment energy and nutrients in diets of those with special nutritional needs. These include Maternal and Child Health Feeding (MCH), school feeding and emergency feeding programmes. The goals of these programmes include improving nutritional status and providing incentives for participation in other programmes. School feeding programmes are sometimes designed to increase attendance, enrolment and to improve children's cognitive skills by alleviating short-term hunger. They distribute food through school or health centers as take home rations or as onsite cooked meals. The logistics and administrative capacity required to procure, transfer, store, manage and deliver the goods are significant. These programmes are ideal in cases where malnutrition is widespread and schools and health centers are underutilized. WFP found that in schools where it provided meals, enrolment of girls and boys increased by 28 and 22 percent, respectively.

**Food Stamp Programmes** provide a coupon or voucher that may be used to purchase food. Some programmes are restricted to certain essential commodities while others allow the purchase of any food item. These coupons can be redeemed at a local food retail store, which in turn are reimbursed by the government. They are either denominated in terms of cash value or in the quantity of food items that can be bought. They are intended to increase the purchasing power of households and directly increase food consumption of the poor. Food stamps have been seen to increase food consumption more than an equivalent cash transfer. Further, they are easier to manage logistically than food distribution schemes where government has to manage the storage, transportation and distribution of food.

Programme	Description	Features	What does it require?
Conditional Cash Transfers	Cash payments to poor households that meet certain behavioral requirements, generally related to children's health care and education.	Increases demand by providing incentives to people to participate in social programmes.	Supply of healthcare and education services should be present as CCTs do not solve supply side issues; Administrative capacity to monitor conditionalities.
Rationed Food Subsidies	Subsidy for food available to households but in limited amounts. Usually available only to a targeted population based on means test.	Helps improve nutritional status, labour productivity and income through enhanced food consumption. Can help fulfill right to food for people who lack purchasing power to buy food at market prices.	Good targeting mechanism so that it can capture the "new poor" and avoid exclusion errors; Mechanism to administer the food subsidy efficiently.
Public Works	Employment schemes which provide wages in the form of cash or food to develop community assets.	Increase purchasing power of households through guaranteed source of employment. Develop community assets which can help long-term growth. Self-targeting as people have to do unskilled labor in lieu of wages.	Needs mechanism to decide on projects to be undertaken under the employment scheme.
Supplementary Feeding Programmes	Distribution of food for the purpose of supplementary energy and other nutrients to vulnerable groups. These include pregnant and lactating women, severely malnourished children and school children.	These programmes have multiple objectives: to provide incentives to attend school or health clinics, to enhance the learning ability of school children and to improve nutrition Can be either in the form of take-home rations or onsite cooked meals	Well functioning infrastructure of clinics or schools as distribution mechanism. Ability to manage and track food supplies and cooking without burdening school teachers or healthcare staff.
Food Stamps, Vouchers and Coupons	Food stamps provide coupons or vouchers to purchase food — either a specified amount or value.	They increase the purchasing power of households. Can lose value if food prices increase and coupons are denominated in cash value.	Easier to manage logistically than food distribution but government should be able to distribute them safely without forging or theft. Needs a well-functioning food private retail system and banking system.

## ANNEX 2.3: GOOD PRACTICES OF EMPLOYMENT CREATION IN DEVELOPING COUNTRIES

### A) Argentina: The Jefes Programme (JEFES)

The meaning of the full title of the programme, *Plan Jefes y Jefas de Hogar Desocupados*, literally stands for Programme for Unemployed Household Heads, often abbreviated as *Jefes*. Given the severity of the economic crisis in Argentina at the end of 2001, the government's explicit aim for the *Jefes* programme was to reach a larger target group than the previous social safety net programmes that targeted employment. The discussion of *Jefes* appears to be more important than other programmes because of its relevance to a national economic crisis, which many countries now face. Furthermore, *Jefes* was conceived as an emergency work programme aimed at reaching a larger target group.

The stated objective of *Jefes* included: to provide financial assistance to household heads with children in order to guarantee the Family Right of Social Inclusion, ensuring (1) the school attendance and health of children; (2) access of beneficiaries to formal job training and education; and (3) their participation in productive projects or community services. An interesting innovation of *Jefes* was a requirement that participants had to prove that their children were attending school and receiving essential healthcare, such as immunization.

The programme targeted male and female household heads with children who are 18 years old or younger or disabled. Likewise, households in which the female head, spouse or cohabitant partner of the male household head suffers from serious health conditions are also eligible. To receive benefits, the household member must provide standard information and supporting documentation.

*Jefes* was initially advertised as a 'universal' programme' and was available to anyone within the eligible population. Unlike its predecessor programme, *Jefes* did not have an explicit poverty focus. And because of the projected budgetary cost, a genuinely universal programme was seen as being not sustainable. In early 2002, a counterpart work requirement was introduced with the aim of ensuring that the transfers reached those in greatest need. The

programme also recognized certain kinds of activities as "socially useful". Participants were required to perform 20 hours of basic community work, to engage in training activities, to attend school, or to obtain employment with a private company with a wage subsidy for six months.

One distinguishing feature of the programme's institutional design is its decentralized model. The government provides the funding and guidelines for the execution of work projects, as well as additional auxiliary services for managing the programme. These services include maintaining a national registry of participants and databases that track all projects that have been proposed, approved, rejected or completed. The databases are all publicly available, thereby increasing transparency and reducing corruption. The actual administration of the programme is primarily executed by municipal authorities who are responsible for assessing the urgent needs and available resources of their communities, and for evaluating the projects proposed by local NGOs.

### Impact

As Galasso and Ravallion (2003) claim, while the programme had a small effect on the overall poverty rate, it had a more significant positive impact on the incidence of extreme poverty. Tcherneva and Randall Wray (2005) found that four months after implementation, indigence rates among participating households had fallen by nearly 25 percent, and among individuals by more 18 percent. Fachelli et al. (2004) also found an improvement in targeting. More than 40 percent of participants living below the indigence line have benefited from *Jefes*.

While the expanded *Jefes* programme absorbed 2 million unemployed by mid-2003, and accounted for 7.5 percent of current expenditures by government, it had only reduced unemployment by a maximum of 4 percent (World Bank 2003). However, Galasso and Ravallion (2003) estimate that the programme actually reduced Argentina's unemployment rate by about 2.5 percent — less than previous estimates which assumed that all *Jefes* participants would otherwise have been unemployed. While nearly

80 percent of participants reported working the required number of hours, very few have used the education, training and private sector employment options. While participants are required to prove the school attendance and health status of their children, in practice programme administrators do not collect this information.

Overall, the *Jefes* programme does appear to have contributed to social protection during the crisis. The programme has provided much-needed services and small infrastructure projects in poor communities, with most projects successfully completed and operating (Tcherneva and Randall Wray 2005). Finally, *Jefes* has also broadened the meaning of work, by remunerating social activities such as family care and community involvement.

## **B) Bangladesh: Public Works Programme**

The employment creation programmes in Bangladesh have different dimensions. The country is densely populated and seasonal unemployment is very acute in rural areas. Due to the traditional cultivation method, agriculture harbours a substantial amount of underemployment and often disguised unemployment. Given this background, policymakers and donors designed new employment generation schemes, mainly known as the Food for Works (FFW) Programme and the Rural Maintenance Programme (RMP).

The major employment initiative in Bangladesh is the FFW, which consists of a variety of programmes and projects that develop and maintain rural infrastructure while providing employment to the rural poor. FFW has become the main employment creation programme in Bangladesh. Since 1975, it has provided food-waged employment to landless and marginal farmers during the slack agricultural season and improved land infrastructure — including rural road construction and maintenance, irrigation channels, flood control and embankments. The RMP is similar to the FFW programme. It has the dual objective of maintaining rural earthen roads and providing employment, including cash wages and training, to destitute women.

Beneficiaries are selected according to a self-targeting mechanism. Relatively low wages and heavy physical labour requirements discourage the non-poor from enrolling. For the RMP, the Union

*Parishad* and the Project Implementation Committee oversee beneficiary selection. Eligibility criteria include being divorced, separated or otherwise destitute; being 18 to 35 years of age; and being fit enough to do the required physical work.

The RMP is implemented by Union *Parishads* and the Local Government Engineering Department with assistance from CARE Bangladesh. Each of the 4,100 Union *Parishads* covered by RMP is responsible for maintaining a 20 kilometre stretch of rural roads which is carried out by a 'Road Maintenance Association' — comprised of 10 destitute women. Quality assurance monitoring is carried out by a Union *Parishad* member. Participating women are enrolled in a four-year programme of RMP work and training, for which they are paid. During the last year of the project cycle, the women are given more intensive training in basic business management to help them undertake income-generating activities after graduation from the project.

### **Impact**

Overall, public works programmes contribute to mitigating the seasonal food insecurity and unemployment problems of the extremely poor in Bangladesh. They also create welfare facilities for the poor and expand rural production and marketing through the construction of small infrastructure. Thus, public works programmes that are duly targeted in specific regions and to vulnerable groups — and particularly during lean months — can contribute significantly towards helping the poor gain better access to food and income and to improving their living conditions.

In highlighting its effectiveness in Bangladesh, von Braun et. al. (1991) found that FFW has had long-term development impacts, including improved nutrition and increased agricultural production. They also found that agricultural production increased by an average of 27 percent and per capita household income by about 10 percent, as a result of the direct and indirect effects of the programme. Reviews of public works infrastructure programmes in Bangladesh also found significant benefits to agriculture, including both a doubling of fertilizer use and of land under irrigation by programme participants (Mujeri 2002). In addition, because feeder roads improve access to government services and to input and output markets, fertilizer prices were lower,

its use was higher, and post-harvest paddy prices increased in villages where labour-based infrastructure projects had constructed rural roads and other physical infrastructure (Ahmed and Donovan 1992).

The RMP has also contributed to rural savings and productivity enhancement through training. Work activities have been undertaken on nearly 75 per cent of rural earthen roads in the country. An average of 60,000 destitute women per year has been supported by the programme (Sobhan 1998 in Rahman 2000).

### **C) South Africa: Expanded Public Works Program (EPWP)**

The Expanded Public Works Program (EPWP) is a nationwide effort that seeks to draw significant numbers of the unemployed into productive sectors of the economy, improving their skills and increasing their capacity to earn income. The EPWP started in 2004 and seeks to address unemployment in the short and medium-term. In the long-term, broader strategies aim to increase economic growth so that the number of net new jobs created exceeds the number of new entrants into the labour market. At the same time, efforts will aim at improving the education system and the skills of workers entering the labour market.

The programme has a target of providing employment opportunities and training to at least 1 million unemployed people in the first five years (2004–2009). Municipalities and provinces must be guided by the prevailing minimum wage in their area and by ongoing poverty relief projects. Because the aim is not to displace workers from existing employment to new EPWP projects, legal provision is made for EPWP projects to pay below the minimum wage. Men, women, disabled persons and the aged must also receive the same pay for work of equal value. While beneficiaries should be unemployed individuals from the most vulnerable parts of disadvantaged communities who do not receive social security pension income, there are also specific participation targets for single and female-headed households, as well as for women, youth, people with disabilities, households coping with HIV and AIDS and people in long-term unemployment. Proposed targets aim for 60 percent of beneficiaries to be women,

20 percent youth (18-25 years of age), and 2 percent disabled. Additional selection criteria include: people from households where the head has less than a primary school education; people from households that have less than one person with full-time income-generation; and people from households where subsistence agriculture is the main source of income. The EPWP's goal is to create work opportunities, along with related training, for a minimum of 1 million people by 2009.

The programme has been divided into four sectors: infrastructure, economic, environment and cultural and social. This type of classification in targets is arguably useful and unique, as work opportunities are to be created in each sector. Although the EPWP is driven from the national government level, provinces and municipalities will be the primary implementing bodies and will receive support from the national departments responsible for coordination in each sector.

- 1) Infrastructure:** There will be large-scale labor-intensive programmes to upgrade rural and municipal roads, pipelines and storm-water drains. People living in the vicinity of these projects will be employed by contractors to carry out the work. The labour-intensive construction projects will provide both local employment opportunities and skills training to the unemployed while building cost-effective and quality assets.
- 2) Economic:** The economic sector activities will focus on developing small businesses and cooperatives and will offer a work experience component as part of small enterprise learning programmes.
- 3) Environment and Culture:** Environmental projects will create employment opportunities for the unemployed to work on activities to improve their local environment, under such government efforts as the 'Land Care' programme, 'People and Parks' and 'Working for Water'. A target of 200,000 new employment opportunities has been set for this sector over the next five years.
- 4) Social:** The social sector programmes will offer employment to people with NGOs and the government to work in home and community-based care programmes, and on early childhood development programmes.

## ANNEX 3.1: PARTICIPATORY MONITORING TOOLS

### Social Audits/Public Expenditure Reviews

Social Audits are a tool of social accountability that can be used by any organization to monitor the internal and external consequences of its operations. It can also be used by third parties, such as civil society organizations, to verify the social performance claims of institutions. The purpose is to assess the performance of an organization against the social, environmental and community goals to which it has committed itself. Social Audits assess the impact of activities through systematic and regular monitoring.

The ultimate goal of Social Audits is improved service delivery on a continual basis. They are comprehensive, participatory, regular, comparative and multi-directional. They also aim to reflect the voices of all involved and affected stakeholders. Good practice Social Audits ensure the social accounts are audited appropriately and practice full disclosure for stakeholders and interested community members.

Social Audits have been used extensively in India in a variety of sectors, including local governance service delivery, microfinance services and education programmes for former child workers. They have also been used in Uganda, Tanzania, Bolivia and Honduras.

### Citizen Report Cards

Citizen Report Cards (CRCs) are participatory surveys that obtain feedback on the performance of public services from the clients who use those services. They are also a public accountability tool, used to induce service improvement through public pressure from extensive media coverage and civil society advocacy that often accompanies the process.

As the name suggests, CRCs report scores given by users on the quality and satisfaction of different services, such as health and education, or scores on performance criteria such as availability, access, quality and reliability. It is a quantitative measure of the overall satisfaction of users. In this way, citizens can collectively pressure agencies for needed change with the backing of credible information on performance.

Citizen Report Cards are used when there is an absence of user perceptions on quality and satisfaction of public services. Some applications include:

- Cross-state comparisons on access, use, reliability and satisfaction with public services (India)
- Inputs to performance based budget allocations for pro-poor services (Philippines)
- Supplementing national service delivery (Uganda)
- Governance reform projects (Ukraine and Bangladesh)

### Community Score Cards

Like the Citizen Report Cards, the Community Score Card (CSC) is a participatory monitoring tool that solicits user perceptions to incentivize public accountability and responsiveness from service providers. Instead of surveys, however, CSCs use focus group interactions and interface meetings between service providers and the community to allow for immediate feedback. As a result, CSCs are also an effective vehicle for community empowerment and strengthening citizen voice as well as service delivery improvement.

The CSC is seen as a process, rather than a document or product, and the completed scorecard is only one aspect of this process. The interface meeting between users and providers to provide feedback and to create a mutually agreed reform agenda is a key component to the methodology. Service providers also complete a self-assessment so that both the providers and the users have a chance to provide formal inputs.

Community Score Cards have been used effectively in Malawi for health services, as well as The Gambia.

### Public Hearings/Public Audit

Collective assessment of a programme by stakeholders is called a public audit, or public hearing, which is used in participatory monitoring and evaluation of a programme by developing a common understanding of the stakeholder's function, duties and rights.

Before a public hearing, the programme's income and expenditure budgets are publicized; they are also explained during the meeting. The public then gets an opportunity to comment on the presentation, budget, income, expenditure and decisions made by the programme. Any funds that have been determined to be misappropriated are requested to be returned. This process helps to ensure transparency and accountability of service providers, as well as upholds rule of law and the principles of equity and predictability. It also helps to promote social inclusiveness among the community, which helps to reduce social discrimination.

Concerned Citizens of Abra for Good Governance (CCAGG) in the Philippines successfully used public audits to expose corruption in government projects that were intended to deliver services to the Abra region. Despite their successes, the experience highlighted the importance of institutionalizing the process to ensure on-going accountability and transparency of service providers.

### Resources

South Asia Social Accountability Network ([www.sasanet.org](http://www.sasanet.org))  
World Bank, Participatory Monitoring and Evaluation ([www.worldbank.org](http://www.worldbank.org))

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*This forward-looking MDG review assesses where emphasis should be placed over the next several years to support partners to meet the agreed Millennium Development Goals.*

# BEYOND THE MIDPOINT

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One United Nations Plaza

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