WHAT WILL IT TAKE TO ACHIEVE THE MILLENNIUM DEVELOPMENT GOALS?

AN INTERNATIONAL ASSESSMENT

United Nations Development Programme

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– An International Assessment

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This report was prepared by UNDP, drawing on advice from a Technical Advisory Panel comprising representatives of the World Bank, International Monetary Fund, European Commission, and the following governments: Bangladesh, Brazil, Canada, Chile, Dominican Republic, Egypt, Ethiopia, Norway, Republic of Korea, Rwanda, Spain, Tunisia, United Kingdom and Viet Nam. The opinions expressed in the report do not necessarily reflect the views of the Panel members. UNDP remains responsible for any interpretations and errors contained in the report.

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Executive summary

Based on a review of 50 country studies, this Assessment finds that the resources and know-how necessary to achieve the MDGs exist. Acceleration of progress over the next five years will need to focus on continuing proven strategies, policies and interventions and making a radical break with those that do not work.

There have been noticeable reductions in poverty globally. Significant improvements have been made in enrolment and gender parity in schools. Progress is evident in reducing child and maternal mortality; increasing HIV treatments and ensuring environmental sustainability. While there are welcome developments in the global partnership, where some countries have met their commitments, others can do more.

At the same time that the share of poor people is declining, the absolute number of the poor in South Asia and sub-Saharan Africa is increasing. Countries that achieved rapid reductions in income poverty are not necessarily making the same progress in gender equality and environmental sustainability. Lack of progress in reducing HIV is curtailing improvements in both maternal and child mortality. Moreover, attention to the quality of education and health services may have suffered in the rush to extend coverage.

MDG progress is also threatened by the combination of high food prices and the impact of the international financial and economic crisis. Economic growth declined in many countries, along with a reduction in foreign direct investment, remittances, as well as a fall in exports and tourist numbers, which led to significant job losses. Sustained poverty and hunger reduction is at risk because of vulnerability to climate change, particularly in the area of agricultural production. Weak institutional capacity in conflict and post-conflict environments slows MDG progress. Rapid urbanization and growth in slum dwellings are putting pressure on social services.

Key messages

This Assessment notes that there are important synergies among the MDGs - acceleration in one goal often speeds up progress in others. In households where women are illiterate, child mortality is higher, implying the links between education, the empowerment of women and the health of children. Given these synergistic and multiplier effects, all the goals need to be given equal attention and achieved simultaneously. This requires multisectoral approaches and coordination among various implementing agencies.

Policy commitments determine the success of the MDGs. Locally developed strategies, based on national consultation and participation through representative political structures, accountable and capacitated institutions and adequately incentivized public servants are the key to effective implementation of MDG strategies and policies. During conflict, non-state actors are better placed to provide social services. Building institutional capacities and restoring core government functions are needed in post-conflict situations.

Rapid poverty and hunger reduction is a result of high per capita growth driven by agricultural productivity, employment creation and equitable distribution of income, assets and opportunities. Supporting agriculture through farm input provision increases production and food security. Structural economic change is driven by public investments in infrastructure, transfer and diffusion of technology and systematic allocation of credit for industrial development. A trade regime that does not harm local productive capacity is required. Expansionary macroeconomic policies, focused on real output and employment targets, are needed to crowd-in the private sector.

Rapid improvements can be made when supply-side investments in education, health, water and sanitation are supported by demand-side policies, mainly the elimination of user charges. Abolishing school fees can lead to substantial increases in school enrolment. Investments in skilled health workers, particularly birth attendants, reduce maternal and child mortality. Free access to HIV treatment and prevention programmes save lives. Investment in water, sanitation, housing and other infrastructure, particularly in slum areas, leads to progress on a number of MDGs.

Ensuring girls have unfettered access to health, education and productive assets helps progress across the MDGs. Increased female school enrolment is associated with better health and nutritional intake of families. Enhancing reproductive and maternal health contributes across the MDG goals. Equitable provision of land and agricultural inputs significantly increases output and ensures food security. Constitutional and legal reforms enhance women's empowerment and increase their political participation. Providing infrastructure to households with energy sources and water reduces the burden of domestic activities and frees girls to attend school, engage in self employment or participate in labour markets.

Targeted interventions, including social protection and employment programmes are key to MDG acceleration. Mass immunization and the distribution of bed nets and antiretroviral drugs contribute to saving lives. But targeted and disease-specific interventions must strengthen health systems and not create parallel structures. Social protection and cash transfer programmes provide cost-effective access to health and education services. Public employment programmes reduce poverty and serve as countercyclical policies in times of economies crisis.

Supporting the diversification of livelihoods away from climate-sensitive activities is an essential MDG strategy. Low-carbon activities benefit households through supply of clean energy and employment creation in non-agricultural activities. Traditional energy sources tend to cause indoor air pollution, with serious health impacts, particularly on women and children. Resources to finance adaptation to climate change must be additional to current aid flows.

Domestic resource mobilization is the primary source of sustainable MDG financing. Broadening the tax base and improving tax collection efficiency raises significant resources. But changes in tax structures should not lead to decline in total revenues, as is the case during transition from trade taxes to value added taxes (VAT). Progressive taxes are needed to avoid heavy burdens on goods and services that the poor disproportionately consume. Financial sector policies are needed to increase the pool of domestic savings available to governments and the private sector.

The global partnership needs to make a greater effort at constituting a coherent international enabling environment. Delivering on ODA commitments and improving the predictability, effectiveness, division of labour and modality of disbursement is urgently needed. Budget support is associated with better MDG outcomes. ODA is effective when provided as grants, distributed equitably through multilateral organizations. Action is required to make trade policies beneficial to the least developed countries. Policy coherence is needed so as not to undermine the achievement of the MDGs through contradictory policies.

The MDG Action Agenda 2010–2015

This Assessment presents the following complementary strategies and policies for MDG acceleration:

1. supporting country-led development and effective governance;
2. fostering inclusive and pro-poor economic growth;
3. increasing public investments in education, health, water, sanitation and infrastructure;
4. scaling up targeted interventions, including social protection and employment programmes;
5. investing in expanded opportunities for women and girls and advancing their economic, legal and political empowerment;
6. enhancing access to energy and promoting low-carbon development;
7. accelerating domestic resource mobilization to finance the MDGs;
8. ensuring the global partnership creates an enabling environment for the MDGs, particularly delivering on ODA commitments.

The MDGs continue to provide the road map for reducing poverty and hunger, saving children and mothers from premature death, providing sustainable and decent livelihoods, and preserving the environment for future generations. Meeting that commitment is not only a moral imperative, but reflects a mutual interest to live in a stable and prosperous world.

1 Introduction

The Millennium Development Goals (MDGs) represent the world's commitment to deal with global poverty in its many dimensions. This commitment is supported by a global partnership, which calls for country-led strategies and support from developed countries in the areas of trade, Official Development Assistance (ODA), debt sustainability and access to medicine and technologies.

This Assessment aims to provide an action agenda for MDG acceleration by reviewing progress thus far and identifying the strategies, policies and interventions for further acceleration. The information is collected from a sample of 50 country reports, including MDG documentation from other sources. The Assessment contributes to the deliberations leading up to the September 2010 MDG High-Level Plenary Meeting at the United Nations.

The Assessment consists of six main sections following this introduction. Section two begins with a discussion of the interlinkages across the MDGs. Section three provides an overview of key MDG achievements and gaps at the global, regional and country levels. Section four discusses emerging constraints, which have undermined and, in some cases, reversed MDG progress. Section five outlines possible strategies and policies for accelerating and sustaining MDG progress in the coming years. Section six identifies the progress made in the global partnership. The final section proposes an Action Agenda for the years between now and 2015.

2 Synergies between MDG goals

The MDGs are interlinked — progress in one goal supports progress in others. For the greatest impact, it is important to invest across all of the MDGs. Thus, multisectoral approaches and coordination among various implementing agencies are critical.

Gender equality and women's empowerment have large multiplier effects on other MDGs. This is perhaps one of the most important linkages across the MDGs. The country-level evidence indicates that women and girls do not have equal access to goods, services and productive assets. In some communities, girls are given less food than boys, contributing to nutritional imbalances between men and women.[1] In Nepal, for instance, reports show that food distribution is influenced by social and cultural practices. In many countries, transactional sex, social norms that disempower women and domestic violence are among the causes of HIV infection. Birth rates are likely to be lower in households where women are empowered, which, in turn, is associated with better health and education for children.

Education also underpins the entire set of MDGs. Achieving the education targets contributes to reductions in poverty and child mortality. Children born to mothers without formal education are more likely to suffer from malnutrition or die before the age of five than babies born to mothers who have completed primary school. Where the head of the household has some form of educational attainment, the poverty levels for the household are also lower. For instance, in Papua New Guinea, people living in households headed by a person with no formal education constitute more than 50 percent of the poor.[2]

In the Republic of Serbia, the poverty level for housholds, where the head had no education, was three times higher than the national average.[3] In 2008, 77 percent of Syrian mothers whose children had died before the age of five were also illiterate or had not completed primary education. Immunization coverage is significantly lower for children of less educated mothers. Interventions designed to increase female enrolment and enhance reproductive and maternal health can contribute across the MDG goals.[4]

Eliminating major diseases improves child and maternal health, while contributing to higher productivity. In Ghana, a third of hospital admissions of children below the age of five are due to malaria.[5] In Ethiopia, pregnant women are more susceptible to malaria, leading to significant miscarriages, low birth weights, mortalities and morbidities.[6] In Lesotho, 25 percent of the country's population is food insecure, 42 percent have stunted growth and 14 percent of children are underweight, primarily due to HIV and AIDS.[7] In Papua New Guinea's highland region, marriage below the age of 15 is common and many girls drop out of school to look after relatives suffering from HIV/AIDS.[8] In Botswana, between 1993 and 2008, breastfeeding rates have also fallen sharply because of HIV, slowing down improvements in child survival. The HIV prevalence rate, at 23 percent, affects the working age population, leaving many households in poverty and children in orphanages.[9]

Environmental sustainability is needed both to achieve the MDGs and sustain progress. Child mortality is high among households with poor access to clean water and sanitation facilities. In Syria, environmental deterioration is directly correlated with under-five and infant mortality: large proportions of the population do not have access to improved water sources, and as a result diarrhoea accounts for the majority of infant deaths.[10] Evidence suggests that the provision of water closer to homes and low-cost electricity from sustainable sources saves time for women, who can then engage in education and entrepreneurial activities. The evidence from Ghana shows that literacy can be significantly higher in villages with electricity, compared to those without.[11]

Investing in techniques that enhance agricultural productivity reduces hunger and improves the health and education status of households. Crossbreeding of Asian and African varieties of rice in 13 African countries, under the New Rice for Africa (NERICA) initiative, was followed by an increase in the income of women farmers. The protein content of some of the NERICA rice was also 25 percent higher than the normal varieties. The areas under the NERICA initiative experienced a 6 percent increase in the primary school attendance rate, a 2 percent reduction in child sickness and a 5 percent increase in regular health checkups.[12]

Promoting employment-intensive growth positively impacts on many of the MDGs. When growth leads to higher employment and productivity levels, the income of the poor is expected to increase, leading to higher consumption and investment. The consumption and investment patterns of the rural poor are likely to be in labour-intensive goods and services, further reinforcing the employment intensity of growth. There are also reverse linkages. The three MDGs with significant externalities (education, child and maternal health) also have positive impacts on employment. Education contributes to productivity of labour and the demand for it. Decline in child mortality lowers birth rates, contributing both to lower dependency ratios and reduction in the excess supply of labour. Tackling maternal mortality reduces disruptions in the life of households and contributes to better health and education status of children, the future workers.[13]

3 MDG achievements and gaps

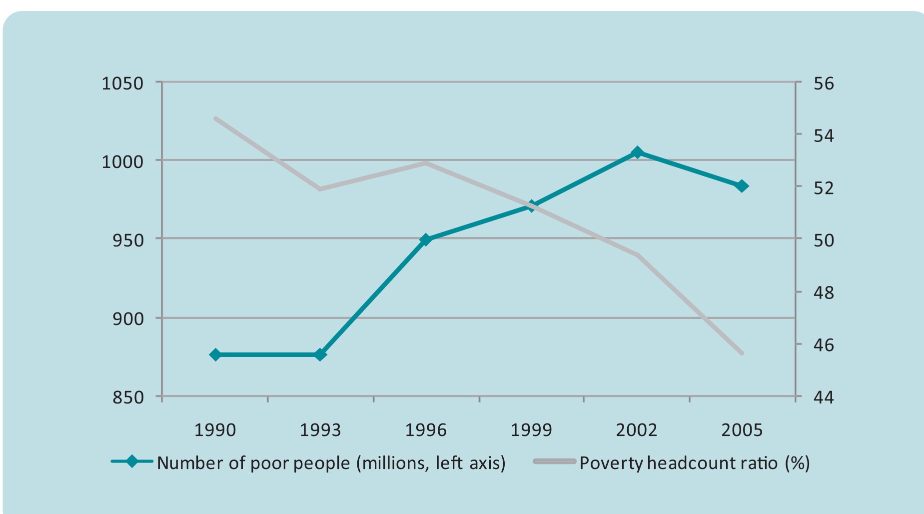
The information for monitoring MDG achievements at the global, regional and country levels is collected from various MDG reports as well as a sample of country case studies. While these reports contain extensive data, there are still challenges in terms of reliability and timeliness. Statistical systems often suffer from weak institutional capacity and human resource constraints. The data may be incomplete or incomparable across sources. Action is required to support capacity for collecting regular and comprehensive economic and social statistics (disaggregated by gender, race and other social groups). With this caveat in mind, this section presents an overview of MDG achievements and gaps.

3.1 Poverty, unemployment and hunger

The target of halving poverty globally could be achieved by 2015, but emphasis should also be on reducing the absolute number of poor people. At the global level, by 2005, the number of people living on less than $1.25 a day fell to 1.4 billion from 1.8 billion in 1990. For the same period, the rate of poverty declined from 46 percent to 27 percent.[14] East Asia and the Pacific have already more than halved the proportion of people whose income is less than $1.25 a day. China and Viet Nam account for the largest reductions in the poverty rate, and India accounts for much of the reduction within South Asia. The decline in absolute poverty levels in Latin America and the Caribbean is largely accounted for by Brazil. The poverty level in the Middle East and North Africa is low and continues to drop. Poverty in sub-Saharan Africa is falling, but the level is still very high with more than half of the population below the poverty line. Although the level of poverty in Europe and Central Asia is low, there are worrying signs that it is increasing.

In sub-Saharan Africa and South Asia, the share of people living on less than $1.25 a day fell by ten percentage points between 1990 and 2005. But, most worrying is that the *number* of poor people increased from 877 million to over one billion people in 2002, mainly driven by high fertility and population growth rates. The trend is encouraging as the number of poor people fell to 984 million by 2005 (see figure 1).

Figure 1: Share and number of the poor in sub-Saharan Africa and South Asia ($1.25 per day)



Source: Calculated from the World Bank's PovcalNet database.

Employment-intensive growth is central to poverty reduction. The country-level evidence shows that achieving full and decent employment requires addressing the lower participation and higher unemployment rates among women and the youth. In East Asia, growth elasticities of employment in non-agricultural activities averaged about 0.7, leading to an annual growth in employment of about 3.5 percent.[15] The overall unemployment rate in Egypt is 9.4 percent, but the rate is 23 percent among women and 60 percent among young males aged 15–24.[16] In the Republic of Serbia, the unemployment rate among the youth (15–24 years) is 48 percent.[17] Countries in transition, as well as in conflict and post-conflict situations, face particular challenges in generating employment. Unemployment in the Republic of Serbia stands at 16.4 percent (28 percent for the Roma), and 26 percent in Palestine. In the least developed countries (LDCs), even when the demand for labour exists, barriers to employment remain. These include inadequate transportation infrastructure; pre-entry disadvantages such as gender discrimination; the inadequacy of information, communication and money transmission facilities; limited or no educational achievements; and the lack of negotiating skills that are required for participation in labour markets.[18]

Reducing inequalities leads to faster poverty reduction. To reduce inequalities, growth must be pro-poor, leading to increases in the income of the poor, especially the rural poor, disproportionately faster than increases in average income. Estimates show that poverty, measured at $1.25 a day, can be 42 percent higher where income distribution is the worst, compared to where it is the best.[19] According to a detailed study of growth and inequality in China, "with the same growth rate and no rise in inequality in rural areas, the number of poor would have fallen to less than one-quarter of the actual value."[20] Inequality in Ethiopia, measured by the Gini coefficient, increased from 0.30 in 1995 to 0.44 in 2005. The rate of poverty reduction would have been five percentage points higher by 2008 if income inequality had not increased.[21] A more equitable distribution of income in Armenia, on the other hand, was followed by lower income poverty rates. Between the 1990s and 2000s, the Gini coefficient declined from 0.44 to 0.33 and the incidence of poverty fell from 50 percent to 25 percent.[22]

A pro-poor macroeconomic framework and enabling environment is critical for poverty reduction. While macroeconomic stability is essential, the lesson learned from the country cases is to avoid persistent instability, characterized by very high rates of inflation or deflation.[23] Tackling the MDG challenge requires the coordination of appropriate monetary and fiscal policies with exchange rate policies. An MDG-focused fiscal policy implies scaling up public investment to crowd-in the private sector as well as increasing productive capacity to stimulate food supply. Monetary policy can also encourage private investment by improving access to credit. While country-specific, a managed and stable exchange rate could be used as an anti-inflationary anchor, while creating incentives for diversifying into non-primary commodity exports. It is a welcome development that a rethinking is taking place in the macroeconomic policy debate. A consensus is emerging that countries should focus on multiple targets apart from very low inflation rates, and that they should use multiple macroeconomic instruments, and not rely excessively on monetary instruments.[24] As the 2010 Global Monitoring Report noted, nine countries in sub-Saharan Africa were able to maintain their social spending even under the recent financial and economic crisis, while two of these also managed to protect their capital expenditure.[25]

Supporting sustainable agriculture and rural development helps increase food production and reduces poverty and hunger. Progress on hunger has reversed. Although the proportion of children in developing countries that are underweight declined from 31 percent in 1990 to 26 percent in 2008, halving malnutrition by 2015 is a challenge. Estimates by the Food and Agriculture Organisation of the United Nations indicate that 1.02 billion people are undernourished worldwide. In sub-Saharan Africa and South Asia, respectively, 41 and 44 percent of children under five suffered from stunted growth in 2006; a telling indicator of chronic under-nutrition.[26]

Equitable provision of agricultural inputs to women and men farmers, including subsidy programmes, can contribute to higher food production. Responsible fertilizer use in combination with changes in farming practices (better conservation, for instance) can increase yields significantly. Studies based on randomized controlled trial (RCT) show that fertilizer treatments lead to increases in yield, even in the absence of any changes in other farming practices.[27] For instance, Malawi's nationally executed fertilizer subsidy programme, under which more than 1.5 million households benefited, has been associated with a 25 percent increase in the total area cultivated. Maize production reached 3.2 million tonnes in 2007, ensuring food self-sufficiency, although there are challenges in sustaining the programme. Ghana, through a nationwide fertilizer subsidy programme, increased its food production by 40 percent, which has been associated with an average 9 percent decline in hunger between 2003 and 2005. Ethiopia's agriculture-based development strategy focused on the supply of vital inputs – fertilizers, subsidized credit, improved seeds and water management. Between 1993 and 2005, fertilizer use and pesticide consumption increased by 180 percent and 90 percent respectively. Cereal and food crop yields increased significantly.[28] However, measures have to be in place to avoid the use of harmful and polluting fertilizers.

Other successful policies have focused on developing rural infrastructure. In Tanzania, the Agricultural Sector Development Strategy (ASDS) and the recent Kilimo Kwanza (Agriculture First) initiatives build rural roads, irrigation and grain storage facilities. For instance, the Road Fund led to a 27 percent increase in good roads, which helped link farmers to food markets.[29] Food poverty in Tanzania has fallen by 11 percent between 2001 and 2007.

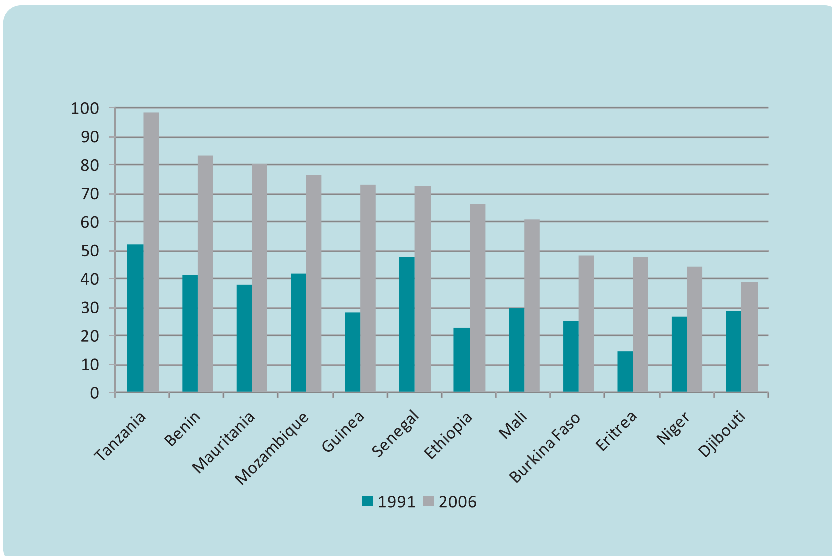
Innovative financing schemes are proven to enhance the ability of farmers to access input markets. For instance, Nigeria's National Special Programme for Food Security was followed by a near doubling in agricultural production and farmers' income. Farmers were able to buy inputs using interest-free loans to be repaid following harvest.[30] In Bangladesh, $107 million is to be distributed in the form of Agriculture Input Assistance Cards, targeting poor households. Of the total 18.2 million farmers in Bangladesh, 9.1 million marginal, small and medium farmers are eligible for the cash subsidy. While the first generation e-card provides farmers with a diesel subsidy only, there are plans to expand the services to include other agricultural inputs.[31]

3.2 Primary education

The abolition of school fees, supported by reforms in education systems and investments in school infrastructure and human capital, leads to high enrolment rates in primary schools. At the global level, enrolment in primary education reached 88 percent in 2007, an increase of 5 percent from the 2000 figure. The gross intake rate in sub-Saharan Africa increased by 25 percent, by far the largest regional increase recorded.[32]

Indiscriminate cost recovery policies implemented in the past have reduced the demand for services, particularly among the poor and girls.[33] Many countries, including Ethiopia, Ghana, Kenya, Mozambique, Malawi, Nepal and Tanzania, abolished school fees at the primary level. These measures were followed by surges in enrolment (see figure 2). Other countries are yet to follow suit. In Botswana, for instance, where many pre-schools are privately owned, only 18 percent of children have access. In Lesotho, primary education is yet to be made free — the bill is pending approval. The primary school repetition rate is 21 percent, mainly because students are involved in family labour to supplement household income, and thus spend less time in school.

Figure 2: Net enrolment ratios in primary education in sub-Saharan Africa (percentage)



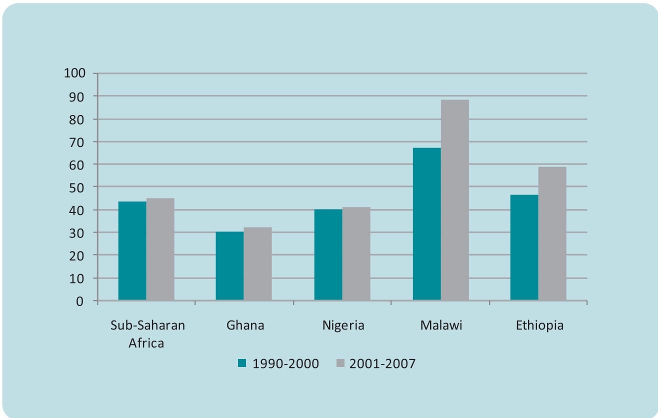
Source: United Nations Statistics Division.

Significant reforms and investments in education have taken place. The country report shows that in Nepal, investments were made to ensure that over 90 percent of the students reside within 30 minutes distance from the schools they go to. In Ghana, the recruitment of retirees and volunteers filled gaps in the number of teachers. Additional funds were allocated for the construction of temporary classrooms, supplementary teaching materials and textbooks. In Kenya, comprehensive educational reform focused on the decentralization of school management as well as the supply of free teaching materials. Over 54,000 classrooms were built in Tanzania between 2002 and 2006, and 18,000 additional teachers were hired. Malawi promoted girls' education in grades 1–4 by providing learning materials; building new classrooms, sanitation facilities and boreholes; using temporary shelters; recruiting teachers (including 20,000 secondary school leavers); and subsidizing teachers' housing.

Universal primary education is achievable if supported by measures that address student retention, particularly among girls, and ensure real learning outcomes. Even though many countries have achieved near universal primary education, dropout and repetition rates remain high. In Papua New Guinea, the cohort retention rate in primary school is only 60 percent. Pupils and parents are often discouraged by the long distances required to reach school, language barriers, the need for children to help in planting and harvesting and the cost of school uniforms. Girls drop out of secondary schools, mainly due to early marriage, and pregnancy. Some countries are taking measures to reduce school dropout rates. In Botswana, readmission policies have reduced female dropout rates by half. In Egypt, the Girls Education Initiative and the Food-for-Education (FFE) programme encouraged girls to attend school by providing free education under the newly inaugurated 'girl-friendly schools' as well as providing school meals to 84,000 children in the poorest and most vulnerable communities.[34]

Quality of education should be maintained while achieving high enrolment rates. Complementary initiatives to increase the number of trained teachers, and other quality inputs such as adequate and updated teaching materials, are key to improved learning outcomes. One measure of the quality of education is a student-teacher ratio of no more than 40 to 1, as recommended by the Education for All Fast Track Initiative (EFA-FTI). As figure 3 illustrates, however, pupil-teacher ratios in primary schools across sub-Saharan Africa and in four sample countries have increased between the pre-MDG and post-MDG periods.

Figure 3: Pupil-teacher ratio in primary schools (percentage)



Source: Calculated from World Development Indicators.

In Ghana, the quality of education is affected due to an urban bias in the distribution of qualified teachers, insufficient classrooms and teaching materials, low accountability of teachers to parents and students and the absence of mechanisms to monitor and evaluate teachers. In Nepal, more than 90 percent of the educational budget is spent on salaries and other recurrent costs. This reduces the resources available for investments in other critical areas, such as laboratories, books and sanitation facilities, that could improve the teaching and learning environment and thus contribute to improved learning outcomes. Considering the high youth unemployment, there is a need for linking curriculums to country-specific labour demand.

3.3 Gender equality and women's empowerment

Investing in opportunities for women and girls has strong multiplier effects across all MDGs. Significant improvements have been made in narrowing the gender gap in schools. By 2008, 96 girls per 100 boys were enrolled globally in schools, compared with 91 in 1999.[35] Sierra Leone, despite emerging from a protracted conflict, managed to increase the ratio of girls to boys at the primary school level from 0.71 in 2000–2005 to 0.90 in 2006–2007. In Mozambique, the gender parity index improved from 0.80 to

0.91 between 1999 and 2005. However, the completion rate for girls for grades 6 to 7 was only 29 percent in 2006. In Nepal, the median age of marriage is 17, leading to high dropout rates. A targeted scholarship scheme for girls and disabled children as well as school meals and oil-for-education programmes are maintaining enrolment rates.[36] There are also concerns regarding the achievement of a gender parity index of 1.05 in primary education in 12 countries in sub-Saharan Africa.[37] This may imply, among other things, higher dropout rates for boys.

In terms of employment, women in many countries still benefit less than men. At 46 percent, Botswana has one of the highest percentages of female-headed households in the world. However, among heads of households, about 34 percent of females are poor compared to 28 percent of males.[38] The unemployment rate of women is four times higher than the rate for men in Egypt.[39] In Samoa, the share of women in wage employment in the non-agricultural sector fell by 5 percent between 1991 and 2006, mainly as a result of downsizing of the Wire Harnessing Company, which was the largest employer.[40] Gender pay differences are also common. In Nepal, men earn 45 percent higher salaries than women. In response, a Labour and Employment Policy (2005) was introduced to address the issue through gender-sensitive budgeting, which includes a 25 percent concession to women in land registration fees and a 10 percent discount in income tax. About 44 percent of the national budget now directly or indirectly addresses gender imbalances.[41]

Legal and constitutional reforms are increasing women's political, economic and social empowerment. Legal empowerment of the poor, particularly women, is necessary to enhance access to productive resources including land and credit. In Cambodia and the Kyrgyz Republic (Kyrgyzstan), women are more likely to be landless or have significantly smaller plots of land than their male counterparts.[42] In Kyrgyzstan, only 15 percent of women have direct control over farm plots, making them unable to make decisions on the use of land and other assets such as livestock. Some countries have introduced innovative mechanisms for the economic empowerment of women. The Uganda Export Promotion Board (UEPB) is an example, which carries out gender-sensitive value chain analysis in sectors such as coffee, commercial crafts, dairy and tourism. The UEPB provides market information and technical assistance to women so that they can exploit opportunities at higher levels of the value chain.[43]

The proportion of seats held by women in parliament averaged 18 percent globally in 2009, and progress in many countries has been slow. In Papua New Guinea, for the last 10 years only one woman was a member of parliament, out of the 109 representatives. Some countries are tackling the lack of women's political participation through the introduction of constitutional quotas for women. One remarkable case comes from Rwanda, which has the highest proportion of women parliamentarians in the world — 50 percent of elected officials in the Chamber of Deputies, about 35 percent in the Senate, and 36 percent in the Cabinet. The latest MDG report shows that the number of seats held by women in the national parliament increased from 17 percent in 1994 to 52 percent in 2008.[44] This achievement is a direct result of vigorous lobbying by women's organizations for constitutional change.[45] Another example is the adoption of the Marital Power Act in Botswana. This Act bestows equal right to both partners in a common law marriage. It has changed the practice whereby women needed their husband's consent for ownership of assets such as loans and property. This reform was initiated by the national government, but the challenge lies in its full implementation — some regions and rural areas still adhere to customary laws.[46] Violence against women is still a major issue. Although the 2008 Domestic Violence Bill has been passed, it fails to recognize marital rape as a crime.[47] South Africa also addressed women's participation in political office. Women hold over 40 percent of the seats in the Parliament, the Cabinet and the National Council of Provinces. Three of the country's six metropolitan cities are led by women mayors.

Box 1: Women's political empowerment in the Middle East

Women's representation in Egypt's Majlis-a-Sha'b declined from 3.9 percent in 1990 to 1.8 percent in 2010. In the Shura Council, Egypt's upper house, on the other hand, women's representation increased from 5.7 percent in 2000 to 7.9 percent in 2007 as a result of direct government appointment.

The National Labour Charter (2001) and the amended Constitution (2002) of Bahrain gave women the same political, civil, economic and social rights as men. About 98 percent of women participated in a referendum which paved the way for constitutional amendments and legislative reforms that gave Bahraini women full formal rights as citizens. The reforms were followed by participation of women in municipal elections held in 2002 and 2006, both as candidates and voters. There were 31 female candidates and 275 men in the latest election. Although no woman has yet gained a seat, the participation of women voters exceeded that of men.

Kuwait, given its natural wealth, is on track to achieving most of the MDGs. However, challenges remain in areas of gender equality and women's empowerment. In 2005, the National Assembly passed a legal reform allowing women to vote and run for political positions in ministries and municipalities. In three rounds of elections, about 70 women candidates competed for office and gained 8 percent of the seats in the 50-member Assembly. The government's commitment and political will was supported by UN agencies, mainly UNDP and UNIFEM, as well as civil society.

Public-private partnerships can advance women's empowerment in the work place. Mexico's innovative federal programme, Generosidad, is considered a model for gender equity initiatives. At the heart of the programme is the Gender Equity Seal, which is awarded to private firms through an independent certification process, evaluating private companies on their achievement of specific standards related to gender equity, including recruitment, career advancement, training and reducing sexual harassment. The programme's success is attributed to the fact that private firms participate on a cost-free voluntary basis. By 2006, over 117 firms were certified and had obtained the Seals. The programme forged effective partnerships, mainly among the National Women's Institute and the private sector. The sustainability of the programme has been secured by turning it into a regular public programme. Its success has inspired similar initiatives in Brazil, Costa Rica and Egypt.[48]

3.4 Child and maternal health

Partnerships that support large-scale immunization campaigns can produce quick gains in children's health. At the global level, the number of children who die before their fifth birthday declined from 12.5 million in 1990 to 9 million in 2008.[49] Partnerships in the health sector ensured vaccination against measles for 700 million children globally between 2000 and 2008, averting 7.5 million deaths and reducing death by 68 percent over the same period. The number of countries where polio is still endemic has also decreased to four as of 2007. These achievements were supported by international cooperation that raised $5 billion and mobilized 20 million volunteers for targeted campaigns and interventions. In sub-Saharan Africa, measles-related deaths decreased by 91 percent between 1990 and 2007. However, all 34 countries with under-five mortality rates above 100 per 1,000 live births are in sub-Saharan Africa. Immunization against measles, at 80 percent in 2008, remains well below the recommended 90 percent.[50]

The country cases show that rapid progress can be made. Egypt, for instance, has already achieved the MDG target for reducing under-five mortality. This achievement was aided by a significant increase in measles vaccination coverage, 98 percent by 2008, and accordingly it is expected to achieve MDG4.[51] Viet Nam managed to achieve a reduction in infant mortality from 44.4 per 1,000 deaths in 1990 to 16 in 2007. Mortality for under-five children fell from 58 per 1,000 deaths in 1990 to 26 in 2007. The Expanded Programme of Immunisation (EPI) benefited more than 90 percent of children and pregnant women.[52] In 2006, Bangladesh conducted a remarkable measles vaccination campaign, covering 33.5 million children between the ages of 9 months and 10 years, over a 20-day period.[53]

Amidst conflict and political instability, Afghanistan saw a significant decline in under-five mortality, which fell from 257 to 191 per 1,000 live births between 2002 and 2004. Similarly, the infant mortality rate fell from 165 to 121. The Afghanistan Basic Package of Health Services focuses on physical construction of health centres and district hospitals, training of community health workers, large-scale vaccinations and the application of simple technologies (such as standardized drug kits). This sectoral response was supported by about 25 donors, philanthropists, the private sector and non-governmental and civil society organizations, proving how targeted interventions benefit from implementation through a partnership framework.[54]

Investments in skilled health workers, particularly birth attendants, have a considerable impact on reducing maternal, neonatal and child mortality, particularly in isolated rural communities. Evidence shows that, globally, maternal mortality has declined at a slow rate, from 576,000 deaths in 1990 to 536,000 in 2005, with the maternal mortality ratio declining from 430 per 100,000 live births in 1990 to 400 in 2005.[55] This reduction amounts to an average decrease of less than 1 percent annually between 1990 and 2005, well short of the 5.5 percent annual decline required to achieve the MDG target. About 99 percent of maternal deaths worldwide still occur in developing countries. Out of the 14 countries with the highest maternal mortality ratio of over 1,000 deaths per 100,000 live births, 13 were in sub-Saharan Africa. Sub-Saharan Africa and South Asia together accounted for 86 percent of all global maternal deaths in 2005.[56] HIV is also curtailing progress on maternal health. According to recent findings, without HIV, maternal mortality would have been 18 percent below its 2008 level.[57]

Egypt is on track to achieve the maternal health targets. The progress is the result of the initiative taken by the Ministry of Health and Population (MoHP) to increase access to essential obstetric care and neonatal services, in particular among vulnerable populations in Upper Egypt.[58] Between 1992 and 2000 alone, the MMR was reduced from 174 per 100,000 live births to 55. The number of births attended by a trained health provider increased by 45 and 100 percent (in urban and rural areas) to reach 77 and 50 percent, respectively. Nearly 32 maternity homes providing emergency obstetric care facilities were established in remote areas to encourage women to deliver there rather than at home. Improvements in maternal health in Egypt also had positive externalities for neonatal and child morbidity and mortality. As an illustration of this, the under-five mortality per 1,000 children declined from 85 to 28 between 1992 and 2008. The project's successes lie in the close partnership between the government and development partners, as well as the development of innovative approaches, including establishing community health committees and building the capacity of health personnel at central, governorate and local levels. In Pakistan, the use of mobile health care service units benefited nearly 850,000 patients.[59] These units conducted antenatal care, which resulted in 12 percent higher care in areas reached by the mobile units, compared to the national average.[60]

Between 1990 and 2005, the largest reduction in MMR (30.3 percent) was recorded in East Asia and the Pacific.[61] In 2003, the United Nations Population Fund (UNFPA) and partners launched the global Campaign to End Fistula. Women have received treatment for fistula through surgical outreach and family planning campaigns. Initiatives include mid-level health officers, who provide emergency surgery at rural hospitals in the face of doctor shortages.[62] In Asia, since the project's start, 300 patients per day have received treatment. The key to the success of this campaign was investments in health systems. This included the provision of medical counselling at the community level, capacity strengthening of maternal health professionals and productive partnerships among UN agencies, the private sector and civil society. Although the MMR in Bangladesh remains among the highest in the world, the country managed to reduce it by 22 percent as of 2001, relative to the 1990 baseline of 320 per 100,000 live births.[63] Viet Nam's success in increasing tetanus immunization coverage from 80 to 93 percent of pregnant women was similarly possible through strong partnerships with UN agencies, working under the Maternal and Neonatal Tetanus Elimination Initiative.[64] Viet Nam has benefited from the Global Alliance for Vaccines and Immunization (GAVI)/Vaccine Fund, which made it possible to raise total government expenditures on immunization by 20 percent.[65]

But the country evidence shows that mortality is also higher among communities with poor access to neonatal and material care facilities as well as where there are shortages of skilled medical professionals.[66] In Lesotho, where maternal mortality is high, at 1,000 per 100,000 live births, only 55 percent of births are attended by skilled medical personnel, and postnatal care covers as few as 23 percent of mothers.[67] In Papua New Guinea, the proportion of pregnant women attending an antenatal clinic and the proportion of deliveries in health facilities declined from 68 percent and 42 percent to 60 percent 39 percent, respectively.[68]

3.5 HIV, malaria and other diseases

Universal access to antiretroviral therapy (ART), condom use and knowledge on HIV transmission contribute to saving lives. The number of people newly infected with HIV globally fell from 3.5 million in 1996 to 2.7 million in 2005. The number of AIDS-related deaths has declined from 2 million in 1990 to 1.7 million in 2007. But two thirds of new infections and a similar rate of those currently infected live in sub-Saharan Africa. Infection rates are also rapidly increasing in Eastern Europe and Central Asia. For instance, prevalence of HIV infection in Kyrgyzstan increased from 10.2 in 2008 to 12.8 per 100,000 people in 2009. One of the major causes identified is the rapid growth in injecting drug users.[69]

Targeted interventions have been successful in many cases. A survey of sex workers in Cambodia indicated that condom use more than doubled after the introduction of the 100% Condom Use Programme.

Between 2003 and 2008, HIV prevalence in the country declined from 1.2 percent to 0.7 percent, which is well beyond the 2015 target of less than 0.9. Ethiopia managed to reduce the HIV transmission rate from 7.3 percent in 2000 to 2.1 percent in 2010.[70] The Ministry of Health achieved its target to provide all hospitals with voluntary counselling and testing and Prevention of Mother-to-Child Transmission (PMTCT) services.

ART treatments were also expanded. Globally, by 2007, over 4 million people in developing countries were receiving them — a 47 percent increase over the 2006 figure. Brazil's success in the National STD and AIDS Programme (NAP) is a good example of an integrated approach to tackling the spread of HIV.[71] At the centre of Brazil's programme is universal access to ART, provided free of charge. Following in Brazil's footsteps, Botswana, given its high HIV prevalence of 17.6 percent, also made universal free access to ART a priority, alongside dietary information and supplements. Life expectancy has gone up by four years following the achievement of over 90 percent ART coverage.[72] By 2007, the Global Fund to Fight AIDS, Tuberculosis and Malaria accounted for 18 percent of the internationally allocated financing for HIV/AIDS programming. Evaluations of the Global Fund show that in countries where funds were disbursed, HIV testing and counselling and ART more than doubled between 2004 and 2007.[73]

However, stigma, discrimination and denials are hampering progress in tackling HIV, resulting in the low level of voluntary testing and limited behavioural change. Knowledge of HIV is poor among the 15–24 years age group in Egypt: only 11.2 percent of the young had awareness of abstinence and condom use in a 2008 survey (4.8 percent for females).[74] In Liberia, comprehensive knowledge about HIV and AIDS is low, particularly among women (19 percent) compared to men (32 percent). Only 14 percent of women surveyed said they used condoms, even though they had more than one partner in the last 12 months.[75] In Lesotho, PMTCT coverage rates were only 56 percent in 2008. The country has over a quarter of million orphans and about 21,000 children (aged 14 and below), who are living with HIV. The situation is made worse due to the disempowerment of women. A significant number of husbands often leave to work in the mines, mainly in South Africa. In the meantime, women are left to care for the children, with limited access to income earning opportunities. Reports indicate that, as a coping mechanism, women engage in sex work and transactional sex. This, combined with little negotiation power on the use of condoms, and age disparate and multiple sexual relationships, is associated with a higher risk of HIV transmission.[76]

Distribution of insecticide-treated bed nets and essential drugs are effective ways of controlling malaria. About 1 million people die each year from malaria, with 88 percent of the deaths occurring in sub-Saharan Africa, 6 percent in South Asia and 3 percent in Southeast Asia.[77] The percentage of children protected by insecticide-treated bed nets in sub-Saharan Africa went up from 2 percent in 2000 to 22 percent in 2008. Grassroots campaigns such as Nothing but Nets distributed about 730,000 insecticide-treated nets in Cote d'Ivoire, Chad, the Democratic Republic of the Congo (DRC), Gabon, Kenya, Mali, Nigeria, Uganda and Zimbabwe. In Kenya, there was a reduction in infant deaths from malaria of 44 percent. Kenya also benefited from the support of the Global Fund, where drugs and nets were distributed free of charge, financed by a partnership with pharmaceutical companies, where the price of essential drugs was adjusted to reflect local purchasing power.[78]

In 2004, the Government of Togo launched an integrated public health campaign, combining immunization against measles and polio with the distribution of free insecticide-treated bed nets and vitamin A supplements as well as the provision of parasite treatments. The campaign targeted pregnant women and more than one million children under the age of five. Following the second campaign in 2008, 71 percent of all households in the target group were in possession of a bed net and close to one million children benefited from parasite treatment. The campaign also achieved full coverage of vitamin A supplements. Togo's integrated approach has been shared with other countries in sub-Saharan Africa such as Burkina Faso and the Central African Republic. However, at the national level, despite a large distribution of free insecticide-treated bed nets, 45 percent of women and children continue to sleep without nets.[79] Ethiopia has one of the highest levels of malaria net coverage, with 22.2 million nets distributed in the last two years. As a result, morbidity declined by 48 percent. However, surveys show that net utilization rate is still low at 27 percent, demonstrating the limitations of isolated disease-specific interventions.

National coordination and partnerships are key to successful detection and treatment of TB. Globally, new cases of tuberculosis (TB) have increased to 9.3 million in 2007 from 8.3 million in 2000. Asia has the highest incidence, with 55 percent of all new cases, followed by sub-Saharan Africa with 31 percent. But the TB epidemic is much wider in scope, with multi-drug resistant TB (MDR-TB) being on the rise globally.[80] The TB-HIV link is common — 15 percent of all TB cases are among those who are HIV positive.[81] The National Tuberculosis Control Programme in Uruguay scaled up and targeted its work on diagnosis, treatment and effective prevention, as well as distribution of necessary TB medication, which contributed to a significant reduction in the rates of morbidity and mortality, as TB incidence fell by 50 percent in the last fifteen years.[82] India accounts for one fifth of the global TB incidence — of the 9.4 million global cases in 2008, an estimated 1.98 million TB cases were in India. It has been estimated that around 330,000 Indians die annually due to TB. Since 1997, the Government has been implementing the Revised National Tuberculosis Control Programme (RNTCP), which is the largest and fastest expanding TB programme in the world in terms of treatment of patients. Since its inception, the programme has initiated more than 11 million patients on treatment, saving more than 2 million additional lives. TB mortality was reduced by 43 percent between 1990 and 2008, and the prevalence of TB was reduced by 67 percent.[83] Progress in other regions is not as notable.[84]

Disease-specific interventions must strengthen health systems and not create parallel structures. While the interventions mentioned above present possible good practices for accelerating MDG progress, disease-specific initiatives must not undermine existing health systems, which are needed to respond to health challenges in an integrated manner. The objective of such targeted interventions must be to support broader, sustainable health systems. This involves integrating the interventions in such a way that they ensure health systems are better funded, are staffed by qualified personnel and have adequate transport facilities and infrastructure.

3.6 Environmental sustainability

Collaboration among countries should be strengthened for conservation and sustainable use of forests, marine and coastal resources. Globally, the world has failed to reach its targets for stemming the loss of biodiversity by 2010. Deforestation continues unabated at 13 million hectares per year. In Ghana, the area covered by forest fell from 33 percent to 24 percent between 1990 and 2005. Illegal logging is a problem. Even where it is done legally, trees are not replanted, mainly due to weak capacity to monitor and ensure compliance. Institutions are understaffed and poorly resourced. Farming methods still involve slash-andburn methods, which expose the top layer of the soil. The share of depleted fish species globally increased to 80 percent in 2006 from 70 percent in 1995. The coral triangle covering the exclusive zones of six countries — Indonesia, Malaysia, Papua New Guinea, the Philippines, the Solomon Islands and Timor-Leste — are identified as areas abundant in marine life and diversity. Together, they contain more than 600 species of coral, 3,000 fish species and the largest mangrove forest region in the world. However, the area continues to be at risk, threatened by overfishing, destructive fishing practices, population pressures and climate change.[85]

Climate change is also affecting environmental sustainability. Carbon dioxide (CO_2) emissions reached 21 billion metric tons globally in 2006 — a 31 percent rise from the 1990 level. Per capita emissions are the highest in developed regions, at about 12 metric tons compared to 3 metric tons for developing regions, with sub-Saharan Africa accounting for 0.8 of these. Rapid relative growth in emissions is also occurring in fast-growing economies such as India and China. A welcome development is the reduction in global consumption of ozone-depleting substances (ODSs) by 98 percent between 1986 and 2008. The Montreal Protocol, which is the catalyst for reductions in ODSs, show how firm global commitments lead to significant benefits, perhaps setting the stage for future comprehensive climate change agreements.[86]

Community-based eco-projects create employment opportunities. Small-scale projects can have positive impacts on various MDGs. In Fiji, the Marine Protected Areas networks have increased local income by employing women as reef gleaners, who benefit from selling shellfish. Women benefited from a 35 percent increase in their income in just over three years. In Niger, vulnerability to drought was reduced through large-scale reforestation programmes and the transfer of ownership titles from the State to communities.[87] In Pakistan, 2.5 million hectares, or 30 percent of the sand dune-covered Thal Desert, was converted into cultivable land and used for planting trees.

There is a gender-poverty-energy nexus. The provision of basic infrastructure and sustainable energy reduces the disproportionate burden of domestic activities on women. The provision of water and electricity has the potential to reduce the time burden women face. Women in developing countries spend up to 25 percent of their time carrying firewood and fuel over long distances, at great risk to their health and safety. Rural households largely rely on biomass fuels, which are associated with indoor air pollution, primarily affecting the health of women and children.[88] The adoption of cleaner and more reliable forms of energy is thus key to achieving many of the MDGs.[89] The provision of multifunctional platforms in Burkina Faso, Ghana, Mali and Senegal have created income-generating opportunities for women, while reducing the time they spend on collecting firewood or loading and unloading water.[90] In India, rural households acquired lighting through the purchase of solar panels under a partnership with commercial manufacturers and microfinance institutions. The evidence shows that this freed households from the pollution generated by kerosene lights. The education performance of girls improved and mothers were able to give birth safely under adequate lighting.

Some progress has been made in meeting the drinking water target. However, out of the 884 million people who face water scarcity, three fourths live in rural areas.[91] In Sri Lanka, rainwater harvesting tanks have enabled households to save about $31 per month.[92] In Burkina Faso, installation of water tower and pipe systems for 1,300 villagers in 2006 made 20 litres of potable water available on a daily basis at an affordable price, which radically reduced women's workload. Brazil's One Million Rural Cisterns

Programme (P1MC) relies on an innovative water harvesting technology to provide clean water for drinking and cooking.[93] Women, freed from fetching water from distant sources, now use their time for income generation and education.[94] Botswana achieved 98 percent access to potable water within a distance of 2.5 kilometres. But the heavy reliance on ground water and poor pumping technologies expose the water to contamination and pollution.

Greater effort is required to improve access to basic sanitation. Globally, some 2.6 billion people lack access to basic sanitation. But some good practices have emerged from water and sanitation access projects. In urban South Asia, initiatives such as the Women, Well-being, Work, Waste and Sanitation (4WS) projects contributed to a growth in ownership of sanitary toilets from 79 percent to 100 percent in Bangladesh and to 91 percent and 89 percent in India and Sri Lanka, respectively.[95] Between 2002 and 2006, significant improvements were made under a community-based project focused on increasing hygiene awareness and sanitary coverage in rural areas of northern Kyrgyzstan. In these areas, close to a third of children were infected with one or more intestinal parasites. Improved water supply to schools and enhanced hygienic knowledge contributed to a decline in the incidence of lambliasis by 76 percent in the villages covered by the project.[96]

Strengthening risk-reduction capacities in countries exposed to natural disaster is vital to protect MDG achievements. Small-island developing states (SIDS), countries with extensive coastal areas and land-locked developing countries (LLDCs) have the highest economic vulnerability to natural hazards.[97] Natural disasters disrupt the provision of social services. Agricultural activities are affected due to severe droughts or flooding, impacting on household income and food security. In Nepal, women make up 73 percent of the labour force in agriculture, and natural disasters impact on them disproportionately. Climate shocks can also lead to disease outbreaks; besides malaria, measles, meningitis and Guinea worm cases proliferate due to high temperatures.

As a result of flooding, child under-nutrition in Ghana jumped from 15.6 percent in 2006–2007 to 45.5 percent in 2007–2008. In the Keta district, farming was severely affected, cutting maize production by half. When the rivers Pra, Tano and Lake Bosumtwi dry up, the dams also experience a decrease in the water levels, leading to power blackouts, with adverse effects on households and firms. For instance, tuna canneries and clothing manufacturers often cut output, shorten the workweek, and have to incur the cost of purchasing power generators.[98]

One promising initiative to countervail the regressive effects of disasters is the Caribbean Catastrophe Risk Insurance Fund (CCRIF) set up in 2007. The scheme provides insurance against the risk of disasters. Governments buy insurance coverage, which enables them to cope during the post-disaster period. The CCRIF made two payments in 2008, its first year of operation, to St. Lucia and the Dominican Republic, during the aftermath of an earthquake that struck the eastern Caribbean. The resources were spent on post-disaster recovery efforts. The programme was developed through collaboration between Caribbean governments, with support from regional and multilateral banks and bilateral donors.

4 MDGs in the face of crises, shocks and vulnerabilities

While the above examples demonstrate that MDG acceleration is possible, the period between 2007 and 2008 has also shown that progress is endangered by various crises, shocks and vulnerabilities. It began in 2007 with high food and fuel prices, which disproportionately affected the poor. The 2008 financial and economic crisis compounded it, through reduced demand and economic activity. Climate change and rapid demographic changes are also putting pressure on MDG progress. Looking ahead to 2010–2015, sustaining and even accelerating the MDGs will require building resilience to such crises and shocks.

4.1 Global crises, recovery and the MDGs

Recent country evidence demonstrates that the international financial and economic crisis impacted negatively, albeit differently, on developing countries in the following ways:[99]

- reduced global demand for exports, mainly primary commodities;
- decline in capital flows including Foreign Direct Investment (FDI), private portfolio finance, remittances and ODA; and
- reduced income from tourism.

These impacts have slowed MDG progress. In 2010, it is estimated that an extra 15 million and 19 million people will fall into poverty measured at $1.25 a day and $2 a day respectively.[100] By March 2009, Botswana's GDP had contracted by five percentage points and unemployment in the mining sector had increased by 9.3 percent.[101] About 45,000 jobs were lost in South Africa in 2008 and 2009, where manufacturing output fell by 25 percent.[102] In DRC, 100,000 workers were made redundant in 2009 due to smelter closures. And in the Zambian mining sector, 6,000 people lost their jobs in November 2008 alone.[103] The unemployment rate in Lesotho increased from an already high 23 percent in 2008 to 29.4 percent in 2009. This caused a decline in remittances sent by workers from Lesotho who cross the border to work in South African mines. Progress towards the MDGs is expected to improve as growth is recovering in many countries, but achievement of the MDG goals will be delayed. Due to the crisis, the number of workers engaged in vulnerable employment is likely to stay at 1.6 billion or increase.[104]

Recovery from the financial and economic crisis must focus on improving the health of children and women, who are disproportionately affected. According to the 2010 Global Monitoring Report, "260,000 more children under five could have been prevented from dying in 2015 in the absence of the crisis. The cumulative total from 2009 to 2015 could reach 265,000 and 1.2 million, respectively."[105] Reduced household consumption has long-term implications on child growth, while affecting learning and cognitive abilities.[106] Economic crises also tend to have a highly gendered impact. Some studies show that "countries that suffered economic contractions of 10 percent or more between 1980 and 2004 experienced, for example, more than one million excess infant deaths."[107] Women are more likely than men to lose employment as a result of a drop in consumption, as they dominate export sectors for garments, electronics and agriculture.[108] These impacts have long-term effects on children (and future generations) in the form of stunted growth, delayed school enrolment and reduced grade completion. Poor households withdraw their children (females first) from school so they can complement household income through informal labour market participation. This perpetuates the intergenerational transmission of poverty.[109]

There is further evidence that the crisis might have longer lasting MDG impacts into 2010–2015 via social spending, albeit differently across countries. The 2010 Global Monitoring Report states that in El Salvador "health spending is expected to fall from 3.4 percent to 3.0 percent of GDP" between 2009 and 2010.[110] In Ghana, spending on basic education, health, rural electrification, rural water and feeder roads fell from 35 percent of total government expenditure in 2006 to 22 percent in 2008. The share of education spending in the total budget was estimated to fall by 4.4 percent between 2008 and 2009.[111] Decline in per capita GDP growth was projected in 27 countries in 2009, and based on 2009 data estimates, government revenues are expected to fall as a percentage of GDP in 21 of 32 'fragile' states.[112] As table 1 shows, spending on health and education in selected African countries is projected to fall or remain constant in 2010. Due to the financial and economic crisis, some countries are already showing an increase in their debt burden. Projections indicate that debt service as a share of government revenues in low-income countries will increase from an average of 10.5 percent in 2008 to almost 13 percent by 2013. Debt service as a share of exports is estimated to be on average one percentage point higher than previously projected each year between 2008 and 2015.[113]

Table 1: Estimated changes in health and education spending between 2008 and 2009

	Health		Education	
	% of GDP	% of budget	% of GDP	% of budget
Kenya	-0.1	-0.2	0.0	0.2
Rwanda	0.4	0.4	0.5	-0.2
Tanzania	-0.5	-2.7	0.0	-1.4
Uganda	0.06	-0.2	0.1	0.0

Source: Martin and Kyrili (2009).

Excessive reliance on a narrow range of export commodities increases the vulnerability of the LDCs. In sub-Saharan Africa, between 2000 and 2007, overall GDP growth averaged 4.4 percent. Five countries managed to grow by more than 7 percent. In another 14 countries, growth rates were at 5 to 6 percent.[114] However, the growth was often concentrated in narrow sectors, often with low employment intensity. Manufacturing exports made up only 0.5 percent and 1.9 percent of total exports in Angola and Sierra Leone, respectively. In Sudan, fewer than 7.5 percent of exports were manufactured goods. Almost 100 percent of Equatorial Guinea's export is oil, and oil accounts for about 75 percent of Chad's and Sudan's exports. The primary commodity sector, including oil and minerals, typically employs high-skilled labour, and the estimates are that the sector absorbs less than 4 percent of the labour force.[115] In times of crisis, economies with excessive reliance on commodities are affected profoundly.

4.2 Climate change and the MDGs

Climate change adaptation is urgently required to ensure sustainability of all MDG achievements. Estimates set the cost of 'climate resilient' MDGs to be about a third higher than the conventional cost of meeting the MDGs — around $100 billion a year for the next decade.[116] Extra costs arise from the need for rapid interventions and the cost of adaptive capacity-building. Adaptation is necessary due to variability in agricultural production as a result of increased unpredictability of weather, including more frequent and intense droughts. In sub-Saharan Africa, climate change may cause a fall in agricultural yields by as much as 50 percent by 2020. Up to 250 million people will be at risk of increased water stress and drought, while an additional 40 to 60 million may be exposed to malaria.[117] Chronic droughts in Lesotho have destroyed grasses and vegetation, exacerbating erosion. The predictions are that the availability of cultivable land will shrink to 3 percent in the next 25 years from 10 percent today.[118] While other factors contribute to droughts and the shrinking of cultivable land, climate change exacerbates the situation.

Climate change is likely to affect ecosystems, with changes in the range and distribution of flora and fauna. Rising sea levels may severely affect mangrove forests as well as coastal fisheries, and lead to increased severe flooding. In some cases, this may cause insects, as disease vectors, to spread to previously unaffected areas, facilitating, for instance, an advance of malaria into higher altitudes. The likely impact of climate change on migration, particularly rural-urban migration, is significant, and will have major implications for social service provisions, as well as natural resource conflicts and changing livelihoods.

Severe weather fluctuations such as frequent and severe storms and hurricanes impact on the MDGs. The poor often live on marginal land with limited resilience to extreme weather. Homes and other assets such as livestock and possessions are often lost in the aftermath of major disasters. Natural disasters also impact on women more as they are the primary producers of staple food, an activity that is highly exposed to drought and flood risks.

4.3 High food prices and the MDGs

Controlling food price increases improves the well-being of children. In 2007–2008 there were drastic increases in food and fuel prices.[119] Although food prices have fallen in 2009–2010, they remain high compared to the pre-2007 period. The forecast is 10 to 20 percent higher prices for the next 10 years compared to the base year 2010.[120] Although higher food prices help poor farmers if they are able to benefit from the increased international prices, a large number of rural households are net buyers of staple foods (around 60 percent in Bangladesh, Kenya and Mozambique, for example).[121] Many countries have gone from being net food exporters in the 1970s to being net importers in recent years. The food riots in more than 20 countries were visible consequences. In the developing world, food represents on average 60-80 percent of consumer spending.[122]

Even before the food crisis, one in three infants in South Asia and sub-Saharan Africa were chronically undernourished. The mental and physical development deficits associated with under-nutrition incurred during pregnancy and up to 24 months of age are irreversible – they represent losses the child will carry throughout life. The food crisis disproportionately affects women. In Malawi, girls dropped out of school to help support their families. Others were forced into early marriages in exchange for food, or engagement in transactional sex, exposing them to HIV infection. The ILO estimates show that the number of people in vulnerable employment increased by 52 million, or 4.7 percent, between 2007 and 2009.[123]

4.4 Urbanization, slums and the MDGs

Well-managed urbanization provides tenure security as well as access to basic services. Although the proportion of the urban population living in slums in developing countries has declined, the total number of slum dwellers might rise to 1.5 billion by 2020.[124] According to 2005 figures, slum dwellers in developing countries amount to a third of all urban residents.[125]

Under-nutrition is widespread in urban slums. Children in the poorest income brackets are undernourished at twice the rate of their counterparts in the richest ones. Such is the case in slums around several cities in Latin America where sizeable damage has been caused to environmentally sensitive areas including Panama City (Panama) and the surrounding Canal Zone, Caracas (Venezuela) and its adjacent coastline, San José (Costa Rica) and its mountainous area as well as São Paulo (Brazil) and its water basins.[126] Urban areas also face risk of damages caused by earthquakes, floods and landslides. Cities in many developing countries continue to discharge ever increasing amounts of waste into the air or into freshwater bodies, threatening water quality and aquatic ecosystems. Similarly, congestion in many large cities causes increased air pollution. Currently, cities in both developed and developing countries generate close to 80 percent of global carbon dioxide emissions. City slums are generally associated with higher levels of urban violence and increased risk of transmission of epidemic diseases, including HIV/AIDS.

For these reasons, well-managed urbanization is necessary, and is beneficial to the achievement of MDGs. Cities create jobs, attract businesses and bring together the resources to generate new ideas, innovations and an increasingly productive use of technology. There has been a positive link between economic development and urbanization in most countries in Africa and Asia. People in urban areas generally have greater access, not only to jobs, but also to services, compared to their rural counterparts. It is easier and cheaper per head to provide services to people living in cities than to the rural poor who are often dispersed over vast geographic areas. Furthermore, the growth of urban populations over the past few decades has had a multiplier effect on the coverage of immunization and oral rehydration therapy among children.[127] In the past, investments in infrastructure and basic services for the poorest drastically reduced urban poverty levels.[128]

Between 1990 and 2008, Ethiopia's urban population doubled and a 60 percent rise was recorded in the number of slum dwellers. Public policies have begun to address the issue, mainly through promoting small- and medium-scale enterprises, micro-lending institutions, community-based urban works programmes and the construction of over 80,000 public housing units.[129] The Shack Dwellers Federation of Namibia (SDFN) is a community-based initiative, which consists of a network of community-led savings groups, supported by the Government financially and through a waiver of minimum plot size requirements. As of 2008, the network encompassed all 13 regions of Namibia, with 22,000 households participating in 434 saving groups. Households were able to acquire water and sanitation infrastructure through cheap loans. They obtained secure tenure and constructed stable brick houses. Over 78 percent of the Federation's members are women.[130]

4.5 Special challenges in contexts of conflict and crisis

Building peace, establishing security and reinforcing justice is essential for achieving the MDGs. In conflict-affected countries, ownership of the state, of authority and of the developmental process itself is sometimes violently contested, making progress on the MDGs extremely challenging. Conflict and political violence is commonly understood to "destroy a country's economic, governance and administrative institutions" and create a situation of "institutional multiplicity" — that is, a situation, where a range of governance mechanisms and authorities compete with one another, vying for power and legitimacy.[131] Weakness of institutions in conflict and post-conflict states translates into weak policy commitments and poor service provision towards attainment of the MDGs.

As the UN Secretary-General states in Keeping the Promise, "Armed conflicts (inter-state and civil) are also a major threat to human security as well as to the hard-won MDG gains."[132] Currently, there are over 42 million people who are displaced by conflict. A third of the world's poor, by the $1.25 a day measure, live in 43 'fragile' states. These countries account for half of all under-five deaths and a third of maternal mortality. They are actually reversing on MDG progress in the areas of hunger and maternal mortality.[133] Furthermore, four of the six countries that account for 50 percent of all under-five deaths (over 5 million children) are among these 'fragile' states.[134] Similarly, 7 of the 11 countries, which account for two thirds of maternal deaths and 9 of the 10 countries, with the highest maternal mortality ratios, are 'fragile' states.

In conflict and post-conflict settings, the relationship between the state and its citizens is often weak. In response to these challenges, formally recognizing non-state actors and informal governance mechanisms, as a form of decentralized institutions for service delivery, can be an important solution. In Afghanistan, a volatile security environment and weak state institutions necessitated a system of contracting NGOs for delivery of the Basic Package of Health Services.[135] Recognizing the debilitating impact of political instability and human insecurity on MDG progress, Afghanistan has included an MDG9 goal to 'Enhance Security'. In South Sudan, an existing gap in the provision of basic education, following decades of conflict, is now being filled by UN agencies, national and international civil society, under the Education for Development initiative.[136] Justice delivery is another example — in the aftermath of conflict, people tend to prefer non-state or local justice to formal justice systems. In Afghanistan, 85 percent of the population prefer to access village or tribal councils and local clerics.[137]

5 MDG acceleration strategies for developing countries

The above discussions of MDG achievements, gaps and emerging constraints point to five broad conditions for success. First, country-led development and effective governance are necessary. Second, private sector-led and inclusive economic growth, with a focus on agricultural productivity, can help meet the targets for poverty reduction and hunger. Third, scaling up public investments in physical infrastructure and human capital is necessary for both crowding in the private sector and expanding basic services, including health and education. Fourth, quick gains can be made through carefully targeted interventions, including innovative social assistance schemes and public employment programmes. Fifth, climate change adaptation and low-carbon development provide opportunities for sustainable MDG acceleration. Effective partnerships with non-governmental organizations, the private sector and civil society can help bring these strategies to fruition.

5.1 Country-led development and effective governance

Progress towards the MDGs is heavily influenced by the choice of strategies and policies as well as how they are implemented. First, strategies that are locally developed and based on broad national consensus, which takes into account the voices of the poorest and most marginalized populations, tend to lead to more effective and sustainable development outcomes.[138] When country governments work closely with local governance institutions, civil society and the private sector, allowing each stakeholder to play an active role in the design, implementation and monitoring of national development policies and plans, MDG strategies have a stronger chance of being successful. National ownership, as opposed to government ownership, requires broad meaningful consultation and participation by all citizens through the direct use of representative political structures.[139] A review of 22 Poverty Reduction Strategy Papers (PRSPs) and 21 policy frameworks of bilateral programmes found that although income poverty and social sector investments (basic education, health and water) constitute important priorities in most of the PRSPs, decent work, the environment, hunger and nutrition, and access to technology tend to be neglected.[140] This indicates that further integration of the MDGs in national plans is urgently needed.

Second, policy choices and effective implementation require capable, resourced and accountable civil service institutions. For instance, the remarkable gains in the education sector discussed in section 3.2 would not have been possible without the policy commitments of the national governments in designing MDG-focused public policies. As the report by the Commission on Growth and Development notes, "… recruiting the right people is a start. Those recruits must then be given the right incentives. Otherwise, their carefully selected talents will be devoted to turf wars, office politics, or self-dealing […] corruption must be fought vigorously and visibly."[141] Institutional capacity must go beyond establishing democracy in its narrow sense of multi-party elections. The fundamentals are participation, transparency, accountability and non-discrimination, especially in public expenditures and procurement.

Third, the coordination of national and local development strategies has a better chance of success.[142] Local ownership of the MDGs in Mauritius was gradually built through a specially designed forum for the participation of local stakeholders. MDG localization requires sufficient transfer of resources, along with decentralization that avoids complex national and local governance structure. For instance, in Papua New Guinea, there are 28 ministries and over 140 government departments and agencies at the national level. The structure is noted for being complicated and costly.[143] Another key ingredient is the transparent flow of information, enabling the public to make informed decisions on MDG strategies. For example, initiatives such as Cambodia's Commune Councils serve to strengthen decentralization and local democracy; by replacing state-appointed agents and ensuring decision is taken by elected community representatives.[144]

Box 2: Promoting accountability for MDG acceleration

Evidence from countries shows significant progress in creating systems of accountability. Albania, for instance, adopted an MDG9 to "establish and strengthen a good governance process." The target is to reform overall state systems of public administration, legislation and policies in accordance with EU Standards by 2015. The country has made significant progress, albeit slowly, towards this target.

The Philippines has launched an initiative known as Promoting Procurement, Transparency and Efficiency to Achieve the MDGs, which ensures MDG-related programmes and projects at the local level are free from rent-seeking and corruption. The Gambia adopted a community score card scheme whereby citizens are empowered to demand and monitor service delivery. In Uganda, information concerning the government's transfer of capitation grants to each school district has been made public, and primary schools and district offices have also been required to post notices of actual receipts for everyone to see.[145] Social audit mechanisms have been introduced in India to hold policy makers and institutions accountable for service delivery. Eighty-four developing countries also adopted Right to Information or Freedom of Information Acts, with the recognition that informed citizenry is central to improving governance.[146]

5.2 Inclusive and pro-poor economic growth

Growth accompanied by a more equal distribution of income, assets and opportunities accelerates poverty reduction. Mauritius and Botswana are successful cases of social and economic development in sub-Saharan Africa. Further improvements can be made in these countries by addressing inequalities. Mauritius managed to achieve annual per capita income growth averaging 3.4 percent between 2000 and 2008. Yet, according to the Household Budget Survey (2006–2007), poverty in Mauritius, measured by the national poverty line, increased from 7.7 percent in 2001–2002 to 8.0 percent in 2006–2007. This increase in poverty is linked to the deteriorating income distribution: the Gini coefficient increased from 0.37 in 2001–2002 to 0.40 in 2006–2007.

Spatial disparities are central to inequality in many developing countries. Botswana's economic growth averaged 9 percent for the past few years before the financial and economic crisis. However, unemployment has remained at around 18 percent. Rural incomes have not grown as fast us urban incomes. With a Gini coefficient of 61 percent, inequality is slowing the progress on MDGs. The 2009 MDG report for Nepal notes that "95.5% percent of poor people live in rural areas. Incidence of poverty in rural areas is almost four times (28.5%) that of urban areas (7.6%). The poverty reduction rate also is much faster (20%) in urban areas than in rural areas."[147] For instance, although poverty in Egypt fell by half between 1999 and 2009, poverty in rural Upper Egypt is 40 percent more than the national average. Rural children are also more likely to be stunted, 22 percent in the Urban Governorates compared to 39 percent in Lower Egypt.[148]

Other inequalities also curtail opportunities for people to benefit from access to education, health, markets or civil and political rights. The evidence shows that gender, ethnicity, birthplace and parental background in Latin American countries, have direct correlations with income and consumption.[149] Globally, children in the poorest 20 percent of households are far more likely to drop out of school than the richest 20 percent.[150] Infant mortality among indigenous peoples is much higher compared with that of other social groups.[151]

Policy options for an equity agenda include:

- providing public services for free at the point of delivery wherever possible, and where this is not possible, making arrangements to ensure that poor people are not excluded;
- targeted action, for example, social assistance favouring disadvantaged groups;
- adopting progressive taxation by lowering taxes on staples and essential goods;
- distribution of assets such as land to provide the poor with productive means;
- increasing representation of women and marginalized groups at all levels to ensure that their interests are fairly represented in decision-making; and
- tackling discriminatory power relations and cultural norms, particularly with regard to gender and race.

Improving agricultural productivity is a critical component of an MDG-focused growth strategy. There is room for improving agricultural productivity in the LDCs. Using value added per worker (VAW) as an indicator for productivity, it is found that average annual growth rate for the sub-Saharan region as a whole, and for selected countries, was slower than other relatively successful countries. Malawi provides an illustration. Prior to the MDG years, the annual growth rate of VAW in agriculture was high at 6.5 percent. Between 2000 and 2005 this value became negative; shrinking by about 4.3 percent per year, and Malawi promoted the national policy to supply fertilizer subsidies in 2004, as mentioned above in section 3.1. Ethiopia, on the other hand, improved from a declining pattern of a negative 0.3 percent annual growth rate in VAW to a positive 2.8 percent annual growth rate. This is consistent with the increased provision of agricultural inputs under the Agriculture Development Led Industrialization (ADLI) policy and improvements in rural roads. The major constraints on agricultural productivity growth in sub-Saharan Africa that require urgent action include the following:

- over-reliance on rain-fed agriculture, with less than 5 percent of the cultivated land being irrigated;
- limited application of modern farming techniques and technologies;
- inadequate access to land and tenure entitlements;
- low application of sustainable fertilizers, pesticides and improved seeds;
- rapid and widespread soil erosion;
- absence of rural infrastructure such as roads;
- limited marketing channels;
- increased frequency and severity of damages from pests and diseases; and
- limited capacities to mange risks and cope with shocks.[152]

Box 3: Rural poverty reduction drives China's success

China's transformation and growth were based on policies specifically focused on assets owned by the poor, and the sector where they live and work, namely land and the rural sector. China experienced a fall in the number of rural poor from 250 million in 1978 to 29 million in 2003. In some years, rural incomes grew faster than urban incomes, with a direct positive effect on poverty levels: a 1 percent income increase led to a 2 percent decrease in poverty levels.[153] Three decades of increasingly progressive land use rights reform contributed to most of the gain. Perhaps the most important factor was the provision of agricultural inputs such as fertilizer and seeds at subsidized rates. Farmers were encouraged to diversify their produce and they were given higher price guarantees. The key lesson is that the objective of rural poverty reduction dictated the policy framework.

The private sector is an engine of growth, if supported by the right policies. Provision of credit for high-productivity sectors such as manufacturing, export and agro-industry is vital for diversification and economic structural change.[154] National strategies and international partnerships need to support systematic large-scale mobilization and allocation of industrial and agricultural finance, in order to create a big push in employment creation. In Brazil, state coordination of savings and credit allocation positively contributed to growth in capital formation.[155] Private firms engaged in the export sector in South Korea were subsidized by as much as 75 percent when obtaining credit.[156] However, such measures should not lead to inefficiencies and costs such as rent-seeking, that outweigh the benefits.

Given the small size of markets in most developing countries, national strategies promoting exports can be helpful. However, hasty liberalization of the external account can lead to the contraction of low-skill import substituting sectors. In Central America, local producers are unable to compete with imported goods following trade liberalization, with a significant rise in unemployment and poverty as a result. Indonesia, historically a surplus producer of rice, has become import dependent, while rice exporters in Cambodia are constantly threatened by cheap imported rice. Closures in the garment industry are linked to urban unemployment and poverty among women, pushing them to work in the sex industry. In contrast, China, India and Viet Nam have maintained a carefully regulated trade regime including quantitative restrictions on rice and other imports and witnessed a relatively successful performance in manufacturing and agricultural productivity.[157] In the absence of complementary policies, rapid trade reforms also impact on the environment, for instance, through tariff reduction on exports of logs, which has led to excessive deforestation.[158] The reduction of Mongolia's export tax on cashmere was similarly associated with a 'tragedy of the commons' — a depletion of common property.[159] In such cases, property rights must be defined and a clear distinction must be made between trade liberalization and outward orientation, which involves exploiting international market signals such as seizing niche markets along with regional and South-South trading opportunities.

Supporting the private sector with public investment in transportation and communication, property rights, skills development and training, and technology transfer policies are critical. The Report of the Commission for Africa argued that "it is the public sector that creates the enabling environment [...] Yet, despite its clear benefits, African governments and development partners sharply reduced, over the 1990s, the share of resources allocated to infrastructure. In retrospect, this was a *serious policy mistake*."[160] Support should be given to infrastructure investments, particularly for energy and hydropower. For instance, in sub-Saharan Africa, only about 10 percent of the population currently enjoys access to electricity. At only 450 kWh, the region represents the lowest annual per capita consumption of electricity in the world. Investment climate surveys show that private investors consider inadequate electricity supply a major constraint to private enterprise development. One example of improved electricity infrastructure is Ethiopia's Electricity Access Program (EAP). Five main hydroelectric power plants are being constructed, potentially increasing nationwide coverage by 22 percent and connecting 758 towns and villages.[161]

Technology transfers are critical. Mali's success in rapidly increasing mango exports by about 60 percent between 1993 and 2008 was aided by technology solutions. As a landlocked country, Mali combined road, air, rail and sea transport with specialized containers and freezers to reach export markets. Kenya's M-Pesa, a mobile phone payment system, has benefited over 9 million people. Estimates indicate that transactions worth over $320 are facilitated among sellers and buyers of goods and services, about one third of them in rural areas.[162] Botswana's National Policy for Information and Communication Technology Development aims to expand access to the Internet. So far, the Government Data Network (GDN) has increased to 533 sites. The country's School Connectivity Initiative has already started providing Internet access to 235 secondary schools. The number of cell phone subscribers also increased from zero in 1998 to over 1 million currently, for a population of 1.9 million. As a result, Botswana is now ranked seventh in Africa according to the Global Competitive Index of 2008.[163]

Policies to support the private sector need to focus on the following:

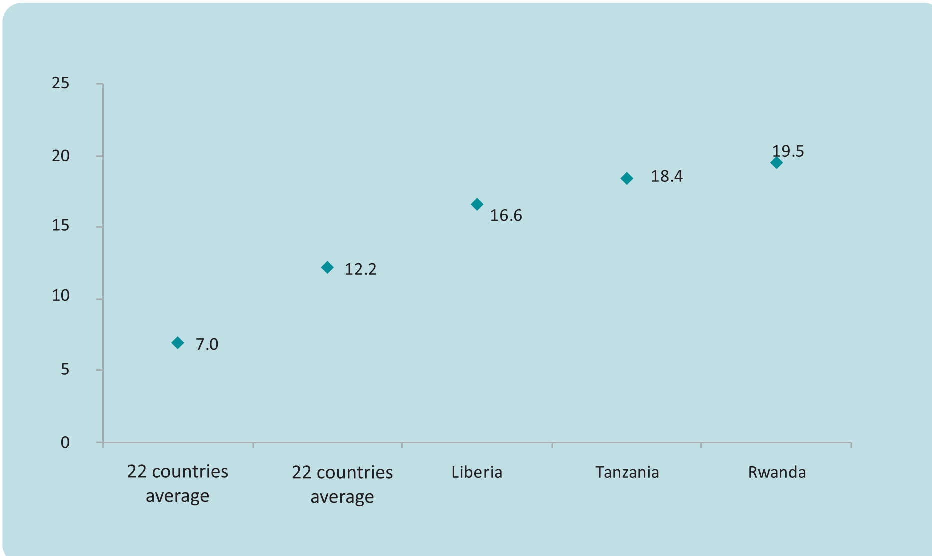
- allocation of credit at favourable rates;
- careful liberalization of trade;
- scaling up of investment in infrastructure; and
- promotion of technology transfer and diffusion.

5.3 Public investment in education, health and basic services

Increasing domestic resource mobilization is essential for scaling up MDG-related investments. Under the EFA-FTI, recipient countries are required to allocate 20 percent of total public expenditure for education. The 32 low-income countries which fall under the FTI compact have increased investment in education to a level higher than that of non-FTI countries.[164] As we saw in section 3.2, a number of countries in sub-Saharan Africa invested in school infrastructure. In Mauritania, for instance, education expenditure as a share of total public expenditure doubled between 2005 and 2008. In Senegal, the share increased by 39 percent between 2005 and 2007. Mali increased its expenditure share by 18 percent between 2005 and 2008. Public spending on education in Botswana has been increasing by 4 percent per annum for the last 10 years.

Further investments are also needed in the health sector as recognized by the 2001 African Union Abuja Declaration. The Declaration stipulates that governments should allocate at least 15 percent of their public expenditure towards health. As shown in figure 4, however, out of the 46 countries in sub-Saharan Africa, only three of them (Liberia, Rwanda and Tanzania) had achieved health expenditure above the agreed minimum threshold by 2007. These countries, however, are also among the top five countries where more than 50 percent of public expenditure is externally funded, raising issues of aid dependency and long-term sustainability of public expenditure.

Figure 4: Public health expenditure in sub-Saharan Africa (% of government expenditure), 2007



Source: Calculated from World Development Indicators.

While external assistance contributes to the development process, at some point developing countries need to graduate to a state of self-reliance. For instance, Chile, Malaysia, Singapore, South Korea and Thailand have all successfully secured a sustainable exit from ODA. They have done so partly through increased domestic resource mobilization. Sustaining these investments requires policies that do not only focus on reallocation of government budgets, but on a meaningful expansion of the fiscal space to ease the budgetary constraints. This is mainly accomplished through efficient domestic resource mobilization.

In the LDCs, total revenue as a share of GDP is between 14 and 18 percent. An MDG-consistent revenue share, however, may be over 20 percent of GDP. The urgency of domestic resource mobilization is apparent given that expenditure on the MDGs involves a permanent increase in current expenditure. These could be on additional teachers, nurses and doctors. Sustainable financing of these expenditures requires a higher share of tax revenue in national income, which itself is driven by the level of per capita GDP.[165] The country cases show that the scope for rapid mobilization is limited. In some cases, the majority of the labour force is not in wage employment. In other cases, sales taxes are limited, as most transactions take place among rural and urban small businesses. This is why taxes on external trade are often adopted.

Domestic resource mobilization in conflict prone countries is constrained by the relatively large size of the informal economy, high poverty levels and weak institutional capacity of revenue authorities. Another source of development finance is the extractive industry, which is the driver of growth in many commodity exporting countries. Measures must be taken to broaden the socio-economic returns from the extractive industry using reasonable rates of royalties and corporate taxes.

Resource mobilization efforts need to focus on the following:

- enhanced revenue performance through a broadening of the tax base; improved tax administration and collection efficiency;
- ensuring a careful transition from trade to other type of taxes such as VAT. As a result of trade liberalization, total tax revenues typically decline unless alternative measures are adequately implemented to compensate for the fall in revenues;[166]
- improving the efficiency and equity of the indirect tax system. Regressive outcomes must be avoided given that most developing countries rely on indirect taxes;
- improving the efficiency of public expenditure. This could be done by lowering the unit cost of providing public goods without reducing the quality or quantity of public services as well as reducing wasteful spending;
- revising the priorities of public spending, channelling more funds to development, away from, for instance, excessive military spending;[167]
- increasing the pool of domestic savings available through financial sector policies. For instance, savings as a share of GDP in Ghana stood at 7.8 percent in 2006. The possible policy measures include pulling savings held in non-financial assets (e.g., livestock) into the informal financial sector, expanding bank branch networks, introducing technological innovation to attract users where there are limited banking facilities as well as reducing the cost of transactions;
- supporting countries in their negotiations with multinational companies engaged in the extractive industry; and
- assisting countries to integrate local private sector firms in the value chains of extractive industries.

Box 4: Innovative financing mechanisms for MDG acceleration

Following the European experience with environmental tax reform (ETR), countries in the Asia-Pacific have recently identified ETR as a modality, which combines a climate change mitigation strategy with a framework for raising additional funds towards MDG progress.[168] Under the framework of the Green Growth agenda, UNESCAP and the Republic of Korea set up a fund to help countries in the region adopt a low-carbon development towards achieving MDG1 and MDG7.[169] By 2012/2013, Korea plans to have increased its public funds derived from new growth engines, including eco-taxation, by 9.4 percent, relative to 2009.[170] The benefit of the ETR comes from redirecting the tax burden away from labour and capital towards pollution, resource depletion and waste. The sector-specific outcome relates to an increased tax burden on energy intensive industries, while labour intensive sectors are likely to benefit. If implemented well, ETR holds the promise of stimulating employment intensive growth that is sustainable, while raising funds for investing in MDGs.

The elimination of user fees in Ghana was followed by a National Health Insurance Scheme (NHIS), launched in 2004. Each adult pays an annual premium of $8. Exemptions are granted for children, the elderly and those below the poverty threshold. The health insurance benefits cover 95 percent of the disease burden. The insurance premiums are supplemented by a National Health Insurance Levy in the form of a 2.5 percent sales tax on most goods and services. In addition, 2.5 percent of the 17.5 percent social security contributions paid by formal sector employees are added to the national insurance scheme. Earmarked taxes can create unnecessary complexities in the budget where each tax is assigned to a particular expenditure. However, a case can be made for a temporary earmarked tax that is to be phased out, and mainly designed to finance services with significant externalities. An assessment of Ghana's experience indicate that the HNIS was associated with a 27 percent increase in the likelihood of seeking medical care, and the cost of child delivery was reduced significantly.[171]

5.4 Social assistance and public employment programmes

Social protection programmes contribute to the reduction of poverty and inequality, help households manage risk, reduce incidence and impact of shocks and build human capital. The country-level evidence shows that the last 10 years have seen an extensive development of social protection and cash transfer programmes, mainly in Latin America. The popularity of these programmes is also related to the relatively cheap cost of about 1 to 2 percent of GDP. Sophisticated evaluation techniques, mainly RCT, show that cash transfers have positive impacts on education and health outcomes. First, Brazil's Bolsa Família and Mexico's Oportunidades cash transfer programmes increased both school enrolment and attendance rates as well as reduced child labour. Both programmes achieved successes in education due to additional cash incentives for enrolment. In Bangladesh, monetary incentives given to female students, under the Female Secondary School Stipend Programme, are associated with increases in school enrolment. Areas covered under the programme have experienced a 23 percent increase in school enrolment compared to those without the programme.[172] Malawi's social cash transfer programme shows that targeting households with children led to an increase in school enrolment of five percentage points among children aged 6 to 17 years, while targeting households with orphans yielded an increase of 4.2 points.[173]

Second, in the case of Bolsa Família, the number of visits to health clinics by beneficiary households increased significantly. Red de Oportunidades (RO), Panama's cash transfer programme, provided cash to female household heads conditional on compliance with the responsibility of using health services and education. The State, in turn, committed to deliver the social services. In the health area, access to primary care services and vaccinations were free for all girls and children under five years. The same was the case for birth control and care for pregnant women, including guidance on sexual and reproductive health. Following two years of implementation, as of December 2008, RO benefited 70,599 households, of which 95 percent were under the poverty line.[174] Oportunidades and Colombia's Familias en Acción, through supplying nutritional supplements for children, have led to reductions in the incidence of illness among children and improvements in their growth.[175] Effective enforcement of health check-ups made a difference in Colombia.

Third, Zambia's social cash transfer programme in the district of Kalomo achieved the following: (1) increased food and non-food consumption by the poor, (2) higher satiation level, (3) greater variety in food intake (vitamins and proteins), (4) 8 percent reduction in incidence of sickness, (5) increased asset ownership from 8.5 percent to 41.7 percent of households, and (6) increased enterprise investments.[176] Ghana's School Feeding Programme, which covers over half a million pupils, and the Livelihoods Empowerment Against Poverty (LEAP) targeted cash transfer programme have reduced poverty levels, food insecurity and malnutrition. LEAP benefits over 35,000 households across 54 districts, mostly farmers who have suffered from droughts and floods.[177] Bolsa Família and Oportunidades (and to some extent Chile's Chile Solidario) also impacted on poverty reduction and have been associated with a decline in income inequality by about 2.7 percentage points in both Mexico and Brazil.[178]

While many cash transfer programmes worked, accurate targeting, scaling up and sustainability are concerns that need further attention. Targeting mechanisms need to be improved. Country-level evidence shows that the 'near poor' (i.e., those who are just above the poverty line) can be missed. Under-coverage and leakages to the non-poor are potential problems in targeting. There could also be distortions such as selection of beneficiaries through patronage. There may also be incentive problems — beneficiaries would want to remain under the poverty line, if the transfer is not sufficiently lower than the income that could be earned from the labour market or through self-employment. The application of technology, for instance e-cards, improves targeting of the poor. The Government of Egypt introduced the innovative ration cards called Smart Cards in 2006 to better target the poor, enhance the efficiency of public spending for its food subsidy programme, avoid leakages as well as offer integrated social services and transfer payments. By December 2009, the number of families covered under the Smart Card system had reached 6.2 million families out of a total eligible population of 11.5 million families. A similar system of a 'diesel e-card' was implemented in Malaysia for targeting fuel subsidies to operators of fishing boats and public transportation vehicles.[179] Brazil's national beneficiary registry and selection mechanism known as Cadastro Único collects information on poor and marginalized households. The system has become a very cost-effective and accurate targeting tool, also enabling other providers of social services to target households efficiently.[180]

Since targeted interventions are by nature exclusive, broad political support is required for scaling up and sustaining them. Programmes can be terminated suddenly, given that the poor do not have the voice to push for their continuation, or the political and external support for the programmes simply vanishes. Nicaragua's cash transfer programme, the Red de Protección Social, is a case in point. The programme led to significant increases in school enrolment, and reduced stunted growth among children by five percentage points in treatment communities. However, the programme was terminated, mainly due to waning domestic support and heavy reliance on external funding.[181] Targeted programmes need to be integrated with other MDG strategies. For instance, one of the weaknesses of Ghana's school feeding programme was that it did not adequately use locally produced food, which would have impacted positively on farmers' income. Finally, programmes need to be institutionalized, thereby gradually moving to universal coverage under a nationwide social protection system.

Social assistance programmes need to focus on the following:

- increasing access to food, health and education;
- improving targeting mechanisms;
- gaining broad-based political support;
- creating strategies to exit from external finance;
- creating synergies with other MDGs; and
- where feasible, gradually moving to universal coverage.

The public sector plays a critical role in implementing work programmes in response to social and economic crises, mainly by acting as employer of last resort and providing job training. In developed and middle-income countries, social protection and stimulus packages may work well. In the LDCs, the viable option would be labour-intensive work programmes, especially those that are responsive to gender imbalances in employment. The poor tend to have a high propensity to consume. This means, in times of crisis, wages and income transfers work as effective aggregate demand boosters. Argentina's Programme for Unemployed Male and Female Heads of Household (Jefes y Jefas de Hogar Desocupados) contributed to poverty reduction, measured by the national poverty line, from 9.9 percent in 2002 to 4.5 percent in 2005. The programme covered 1.85 million workers (13 percent of the labour force) within a few months after its initiation in 2002. Costing less than one percent of GDP, the programme led to massive employment generation. About 750,000 people have obtained employment thus far.[182] Ghana's National Youth Employment Programme (NYEP) provided employment, livelihood options and job training for over 100,000 youth who joined various sectors, mainly the police, health services and education, thereby improving service delivery for the achievement of the other MDGs.

India's National Rural Employment Guarantee Programme (NREGP) is also known for improving livelihoods through the legal guarantee of up to 100 days of paid work per annum for landless labourers and marginal farmers. The State is legally bound to provide unskilled manual work for households. Failure to provide work within 15 days of application entitles applicants to automatic unemployment benefits. The NREGP, besides providing employment, regenerates the rural sector through improving infrastructure and enhancing agricultural productivity. The work includes water conservation, irrigation canals, flood control, road construction and similar work. The NREGP created a significant number of jobs in about 530 districts of India between 2006 and 2008, benefitting about 46 million households. 46 percent of the beneficiaries were women. The daily wage rate under the programme is estimated to have been nearly 50 percent more than the wage rate just before the programme was implemented.[183]

The attraction of work programmes is the ability to implement them fairly quickly or scale up rapidly. For instance, in response to the global financial and economic crisis, the wage paid to workers under Ethiopia's Productive Safety Nets Programme (PSNP) was increased, benefiting 7.3 million people. In July 2008, the Government of Botswana also introduced its public employment programme. As part of its countercyclical policy, the government of Sierra Leone in 2009 implemented a work programme focused on environmental rehabilitation and rural infrastructure development, employing about 14,000 workers. Sierra Leone was supported by multilateral agencies to the tune of $4 million. While these projects directly contribute to MDG acceleration, as a macroeconomic policy they also increase aggregate demand through the expenditures of those directly and indirectly employed. The impact on wage levels, however, would be minimal, as the programmes tend to be implemented in a labour surplus setting. Based on the study of Sierra Leone, projects with the following characteristics would seem to work well:[184]

- they are identified and prepared prior to the need for implementing them;
- they have accounting procedures in place to reduce the likelihood of misuse of funds;
- they can easily be initiated and quickly terminated, preferably by central governments, in order to avoid delays due to limited administrative capacity of local governments; and
- wages and salaries are the major components of expenditure, with a low capital component.

5.5 Climate adaptation and low-carbon development

Integrating climate change and poverty reduction policies provide opportunities for adaptation and low-carbon development. This entails using mechanisms that both improve agricultural productivity and support diversification of livelihoods away from climate-sensitive activities, particularly in areas prone to severe droughts or floods. The strategy includes promoting off-farm rural enterprise, assisted migration, weather-indexed insurance and asset restocking (including direct livestock provision). Bangladesh is at the frontline of innovative adaptation. The direct annual cost of natural disasters to the national economy over the last 10 years has been an average 0.5 to 1.0 percent of GDP and the increased likelihood of drought, floods, cyclones and storms threatens to reverse recent development achievements. In response, the Bangladesh Climate Change Strategy and Action Plan (BCCSAP) was adopted in 2009.[185] A multi-donor trust fund was set up to take the process forward. Irrigation schemes were developed, which enable farmers to grow a dry season rice crop in flooding and drought prone areas. The development of ten new varieties of salinity-, drought- and flood-adapted, high-yielding rice and other crops has contributed to making the country largely food secure.[186] Another strategy to build climate resilience is the breeding of a duck species that is more capable of living with less water, is better suited to higher temperatures and that consumes readily available non-aquatic vegetation.[187]

For low-income countries, the priority may not be to cut emissions, but rather about the benefits and opportunities that the climate change agenda provides. Fossil fuel resources such as oil are costly and lead to a carbon-intensive economy, associated with external dependence and greater costs in the long run. This could prove to be a competitive disadvantage for the LDCs in relation to global markets. Countries with limited fossil fuel resources may therefore benefit from promoting renewable energy.

The lesson is that climate change and the MDGs need to be addressed in an integrated manner. In much of the discourse, the two are still treated separately.[188] The main instruments to advance adaptation planning are generally developed parallel to national development strategies, poverty reduction strategies and associated medium-term expenditure frameworks (MTEFs). The separation was visible in the negotiations leading up to the United Nations Climate Change Conference in Copenhagen 2009, which largely treated financing for climate change adaptation as distinct from development finance. Currently, only the Clean Development Mechanism (CDM) is accessible for developing countries. The first commitment period of the Kyoto Protocol will end in 2012 and a new climate change agreement will be needed for the post-2012 era.[189] The integration of climate change and the MDGs is essential at an operational level, particularly into national expenditure and macroeconomic frameworks.

Policies for adaptation to climate change and low-carbon development should include the following:

- a new global agreement on climate change;
- promoting economic activities away from disaster-prone areas;
- promoting climate resilient varieties of crops and livestock;
- financing low-carbon development initiatives; and
- integrating climate change and MDG strategies.

6 The global partnership

The global partnership for development needs to represent a comprehensive international enabling environment for the MDGs. While the partnership has been strengthened in some areas, many gaps remain both within and outside of the issues covered by MDG8. Enhanced policy coherence across the broad spectrum of development remains absolutely critical for the achievement of the MDGs. Developing countries benefited from improvements in some areas of the international enabling environment (notably increased ODA and debt relief), but progress in others is being undermined by contradictory or poorly implemented policies (for example, on trade, migration, agricultural subsidies in developed countries, access to medicines, technology and climate change). In particular, the impact of the global financial and economic crisis represents an ongoing threat to sustainable development, which brought to light the need for accountability and responsibility in order to minimize the risk of such crises unfolding in the future. Improving the accountability of partners is central to MDG progress, as much as it is for decisions taken at the country level.

Significant MDG achievements have been underpinned by increases in external assistance. ODA increased by 30 percent in real terms between 2004 and 2009. A total of $119.6 billion, representing 0.31 percent of the Development Assistance Committee (DAC) members' combined Gross National Income (GNI) was disbursed in 2009; up from $64 billion in 1998. Progress related to the delivery of health and education and other basic services would simply not have been achieved without ODA in many countries.

Despite these encouraging trends, the global financial and economic crisis is beginning to take its toll on country finances and consequently the share allocated to development assistance.

The Organization for Economic Co-operation and Development (OECD) estimates that ODA flows in 2010 will amount to $108.1 billion, which, while significant, falls $17.7 billion (in 2004 dollars and growth-adjusted) short of the commitments made by donors at the Gleneagles G8 Summit in 2005. This shortfall is equivalent to 0.05 percent of DAC members' combined GNI projected for 2010. At Gleneagles, the 15 countries that are members of both the European Union and of OECD's DAC committed to reach a minimum ODA target in 2010 of 0.51 percent of their GNI. While the EU provides two thirds of the global ODA, the forecast is that six countries will fall short of the ODA/GNI target: Austria (0.37 percent), France (0.46 percent), Germany (0.40 percent), Greece (0.21 percent), Italy (0.20 percent) and Portugal (0.34 percent).[190] Many DAC donors have set targets to increase ODA over the medium term beyond 2010. If these are met, ODA could reach approximately $200 billion by 2015. If other donors contribute concomitantly according to the size of their economies, this level of aid could be surpassed. Maintaining the upwards trajectory of aid disbursement is crucial. Enhancing the communication of achievements to date to constituencies in developed countries would go a long way in mobilizing public support for aid increases. For instance, Spanish ODA doubled from €2 billion in 2004 (0.24 percent GDP) to €4.8 billion (0.45 percent of GDP) in 2008. This was achieved partly due to public support for increases in the aid budget.

There is much scope for improving the distribution and allocation of ODA. A recent UN study found that aid to LDCs has not been increasing at a favourable rate compared with non-LDCs.[191] For the past two decades; the non-LDCs fared better than LDCs in terms of ODA allocation. Large allocations of ODA are still directed to middle-income countries with lower levels of poverty. LDCs received 0.09 percent of donor GNI in 2008, which is below the UN target of 0.15 percent. The top ten recipients still account for 38 percent of total ODA.[192] Given its responsiveness to the underlying socio-economic conditions of LDCs, multilateral aid has the potential to increase the equity of aid by improving its distribution. At the same time, greater agreement could be sought between bilateral donors on targeting aid allocations for poverty reduction. Within the budgets of aid recipients, the share of ODA allocated to economic infrastructure or direct support to productive sectors has declined. Agriculture, in which 75 percent of the world's poor eke a living, receives only 4 percent of ODA globally, despite the fact that the sector contributes to poverty reduction more than any other economic sector. Ultimately, the domestic allocation of aid should be the budgetary choice of the receiving country and its population, but donor preferences in favour of the social sectors have also been strong.

Faster progress should be made under the Rome, Paris and Accra agendas on aid effectiveness. The 2010 MDG Gap Task Force Report notes that "aid effectiveness was improving, but only slowly: there remained a sizeable gap between the results achieved by 2008 and 12 numerical targets set for 2010."[193] Evidence shows a recent trend towards increased aid fragmentation and higher transaction costs. This is the combined result of a proliferation of donors and the expansion of project portfolios. While the average OECD donor disbursed aid to an average of 20 countries annually in the 1960s, in 2006, it did so to more than 100.[194] The average number of donors per country increased from 12 to 33 between the 1960s and 2001–2005. Allocation of ODA through multilateral organizations, particularly the UN, has advantages, including unbiased and untied allocations as well as their comparative advantage in supporting national capacities. Thus, the allocation of significant resources to UN organizations and multi-donor funds is well justified.

Box 5: Donor proliferation in developing countries

In Kenya, between 24 and 30 donors are active, and as many as 15 to 23 donors account for less than 10 percent of the country's aid.[195] In Tanzania, 56 parallel implementation units were managing more than 700 projects in 2006. Half of all technical assistance provided to the country was not coordinated with the Government. Of a total of 541 donor missions to the country in 2005, 17 percent involved more than one donor. In Viet Nam, as of 2006, only 34 percent of aid was programme based. About 111 project implementation units existed in parallel to the government structures, and out of a total of 791 annual donor missions, only 10 percent involved donor coordination.[196]

Direct budget support carries lower transaction costs for recipients, by virtue of being able to follow standard government procedures rather than those differing by donor.[197] In an impact evaluation commissioned by a consortium of more than 20 donor agencies, budget support was associated with positive effects on donor harmonization and alignment, and policy development.[198] In addition, it was found to have positive effects on the allocation and operational efficiency of public expenditure as well as on public finance management (PFM) systems. In Burkina Faso, Mozambique, Rwanda, Uganda and Viet Nam, budget support was associated with more resources being made available for service delivery, a reorientation of public expenditure in line with the government's policy priorities, and better predictability of funding.[199] In late 2006, budget support enabled the Government of Benin to provide pre-school and primary education free of cost, with public spending on education reaching 19 percent of total public expenditures in 2007.[200] In an effort to provide more long-term, predictable budget support to developing countries, the European Commission launched the six-year MDG Contract at the start of the tenth European Development Fund (EDF 10) in 2008. As of 2009, seven countries had received €1.8 billion, or about 50 percent of all EDF 10 budget support commitments.[201]

With the Division of Labour initiative, the EC has proposed a number of reforms to achieve a more cost-effective aid agenda. Each donor agrees to limit its activities to a maximum of three sectors. Additional sector activities are to be managed through delegated cooperation arrangements. Based on comparative advantage, a lead donor is to manage donor coordination for each sector and act as a focal point for the Government.[202] As of 2008, donor mapping had been carried out in 16 countries, with self-assessment of comparative advantage being well underway. Lead donor arrangements had been made in 14 countries.[203] Potential stumbling blocks include the reluctance of donors to concentrate on fewer sectors.

With the multiplicity of development cooperation partners now active — 'traditional' and 'emerging' bilateral donors, vertical funds, NGOs, private foundations, and the corporate sector — the call for greater transparency in resource flows has been growing louder. To support accountability at all levels, partners should publish how they are allocating their aid, and under what conditions (including on allocation policies). In turn, aid recipients — to increase the leverage of the populations for which assistance is being garnered — should publish how they are allocating and spending monies received. The International Aid Transparency Initiative (IATI) is a step forward to better track how aid is used, what it is being used for and what it is achieving. By bringing together donors, developing country governments, NGOs and other stakeholders, the IATI promotes transparency and accountability to the taxpayers in donor countries and to aid beneficiaries in recipient countries.

Innovative financing has the potential to increase resources for development, but should not fragment the aid architecture further or distract attention from traditional ODA. The need to sustain investments in the MDG agenda has led to the search for alternative financing mechanisms. Among the MDGs, such initiatives are particularly promising in the health sector. Examples are the Global Fund and the GAVI Alliance. For instance, the Global Fund financed antiretroviral treatment for 770,000 people and basic care and support for 1.1 million orphans. The GAVI Alliance has helped to prevent over 1.7 million deaths. In 2009, the Task Force on Innovative International Financing for Health Systems released a report outlining about 24 potential innovative financing mechanisms, ranging from tobacco taxes and levies on airline tickets, to global premium bonds. The debate on a financial transaction tax has grown in importance since the financial crisis, although proponents argue for monies raised to be directed to financial stability rather than a broader basket of global public goods. Climate financing proposals are also a potential source of further progress and sustainability, including the auctioning of emission allowances, the creation of market-based carbon levies (such as the 2 percent CDM levy), imposing levies on international maritime transport and on air travel, and developing a uniform global tax on carbon dioxide emissions (with a per capita exemption for low-income countries). Care must be taken so that new funding sources do not translate into new institutions or vehicles that further fragment the aid system and increase overall costs.

Further debt relief for many countries is required as a consequence of the global financial and economic crisis. As of 2009, 40 countries had received debt relief worth more than $100 billion provided under the Heavily Indebted Poor Countries (HIPC) and Multilateral Debt Relief (MDRI) initiatives. External debt service payments as a proportion of export revenues in developing countries fell from 13 percent in 2000 to 4 percent in 2007. But coverage continues to be incomplete. Middle-income countries as well as SIDS have experienced little relief, while the financial crisis has impacted negatively on their economies. Reducing the outflow of resources is essential.

In 2008, there was an outflow of $6 billion from low-income countries to multilateral lenders and bilateral creditors (as principal and interest payments).[204] UNDP estimates suggest that in 26 low- and middle-income countries, cancellation of debt service repayments to official creditors on long-term debt contracted up until December 2008 would release on average about $2.8 billion each year between 2010 and 2014.[205] A moratorium may decrease the funds available for concessional aid from multilateral lenders, but the shortfall could be made up by other donors. Because some countries are becoming vulnerable to debt distress, eligibility and access criteria to concessional finance may need to be revised, so that a future unsustainable debt burden is avoided. As has been seen recently in both developing and industrialized countries — including Iceland and Greece — unsustainable debt in one country can have significant contagion effects on other markets. An orderly debt work-out mechanism could reduce the negative economic and social impacts of dealing with unsustainable debts by providing a clear and credible process for resolving problems, and the international community should consider revisiting how such a mechanism can be put in place.

Box 6: Debt swaps and virtual poverty funds as innovative mechanisms for MDG spending

Debt for Development swaps and Virtual Poverty Funds (VPF) are both mechanisms designed to transform debt into public funds targeting pro-poor priority areas, as identified in national development plans.[206] Chad, Ghana, Honduras, Nigeria, Tanzania and Zambia have all launched VPFs, which have had a direct impact on development indicators and a strengthening of public expenditure management systems.[207] Uganda's Poverty Action Fund (PAF) has allowed the government to increase annual expenditures on education by 9 percent between 1998 and 2002 (contributing to the upsurge in gross primary enrolment from 2.6 million to 7.3 million pupils), along with an annual growth in health expenditures of 20 percent during the same period.[208] Egypt has benefited from four debt swaps since it signed its first agreement with France in 1994. Under the Debt for Development Swap agreement with Italy for 2001–2008, 53 projects were implemented, accounting for approximately $149 million between 2001 and 2006.[209] In the case of HIV/AIDS, debt swaps managed by UNAIDS represent a promising mechanism for breaking the vicious cycle of poverty and HIV/AIDS.[210]

On a global level, however, swaps amounted to only 4.4 percent of all cancelled debt in 2007, thus constituting an untapped alternative to ODA, in particular for countries not eligible under the HIPC Initiative.[211] The swap mechanism also shows potential as a funding mechanism for eco-projects within the agenda of climate change mitigation. While projects implemented under such grants are associated with MDG progress, as conditional financing mechanisms, VPFs and swaps tend to undermine ownership.[212]

The world's largest economies are failing on their promise to put in place a trading environment conducive to the achievement of the MDGs. Eight years after its initiation, the failure to deliver a development-oriented Doha Round constitutes the most significant gap in formulating the Global Partnership for Development. Market access for developing countries is little improved and domestic agricultural subsidies by rich countries continue to overshadow policy coherence needed to accelerate MDG progress. Additional trade reform is needed if developing countries are to benefit adequately from globalization. In this context, G20 countries should undertake — without sacrificing the ambition to deliver benefits explicitly to developing countries — to complete the Doha Round by the end of 2011. In addition, South-South regional integration offers a promising complement to stalled multilateral negotiations, allowing countries to pool resources, agricultural and industrial capacities, as well as skills.

While the proportion of total developed country imports from developing countries — admitted duty free by the developed countries — increased from 54 to 79 percent between 1996 and 2007, the improvement is not entirely a result of a truly preferential access given to the LDCs. The gains relate to piecemeal tariff reductions under the WTO's most-favoured-nation treatment.[213] Even where preferential access has been granted, for instance under the America Growth and Opportunity Act (AGOA) and Europe's Everything But Arms (EBA) initiative, the potential impact in terms of promoting trade and stimulating export diversification has not fully materialized. Total EU imports under EBA has reached €5.8 billion in 2008, but utilization rates have been low for Africa, Caribbean and Pacific (ACP) countries,[214] while reaching barely 50 percent for non-ACP LDCs. Complex application procedures embedded in the General System Preferences (GSP) framework seems to be the main barrier to LDCs requesting preferential treatment under EBA and AGOA. Gains from unilateral preferences tend to accrue to emerging economies. Action is required to make unilateral preferences more beneficial to LDCs.[215]

The Global Partnership for Development can also be strengthened in the areas of access to technologies, migration and remittances, and foreign investment. More effort is needed to increase the access by developing countries to appropriate technologies, including those for health, communications and climate change. This involves strengthening incentives that support innovation, improving access and financing research, intellectual property and context-specific technologies.

All countries have much to gain from reconsidering international cooperation on migration, given demographic changes and imbalances. If properly managed, and cognizant of the rights of migrants, migration can bring benefits to origin countries, host communities and migrants themselves. Not least because of the global financial and economic crisis, ways to improve the flow and reduce the cost of remittances should be considered. The volume of remittances in Kyrgyzstan, for instance, increased significantly from 6.9 percent of the GDP in 2003 to 29 percent in 2008. Incentives need to be strengthened to increase foreign investment in developing countries in ways that underpin long-term sustainable development.

According to recent estimates, about $6.2 trillion worth of developing countries' wealth is held in offshore assets, sitting in clandestine financial accounts and tax havens in Northern countries. As a result, developing countries lose up to $124 billion in tax receipts.[216] This amount is $17 billion more than what they will be receiving in ODA in 2010. Effective international cooperation is required to stem illicit transactions. Besides diverting resources towards the financing of MDG investments, an internationally coordinated enforcement of tax laws would tackle corrupt practices.

In line with international economic and political shifts, development cooperation is undergoing a radical transformation, and there is great potential in facilitating South-South and triangular cooperation. A major aspect of the new global order is the growing economic and political influence of relatively large emerging economies which make up the G20, including Brazil, China, India, Saudi Arabia, South Africa and Turkey. While North-South development cooperation still dominates, as measured by ODA flows, cooperation within the South offers fresh channels for resource and knowledge transfers. What South-South cooperation provides is the opportunity to go beyond the donor-recipient relationships of aid to a partnership based on mutual commercial benefits. The rise of emerging economies also provides the opportunity to induce changes in global governance, both in terms of the institutional architecture and the policies that govern globalization. However, neither South-South cooperation itself, nor the envisioned changes in global governance, fully address the structural constraints faced by the LDCs that hinder their progress on the MDGs. The G20, for example, falls short of representing the majority of the world's poor, whose views are not reflected in the global trade and financial architecture as well as in climate change negotiations. The difference between the old and new world will only be beneficial for the LDCs if they are fully represented. The UN setting can provide such representation.

7 The MDG Action Agenda 2010–2015

The MDGs continue to provide the opportunity for the global community to reduce poverty in its many dimensions, from saving infants from premature death to preserving the environment for future generations. Based on the evidence gathered and analysed, this Assessment presents the following complementary and reinforcing Action Agenda for the period 2010-2015.[217]

(1) Support country-led development and effective governance. MDG achievement is conditional on country commitments to the Goals and targets. The choice of policies and how well they are implemented determine how much progress can be made on the MDGs. Development strategies should be locally developed, based on a broad national consensus achieved through consultation and meaningful participation by non-government stakeholders, including vulnerable groups. Representative political structures, accountable institutions and adequately incentivized public servants are the backbone of effective implementation of the MDGs. During conflict, depending on the local context, informal governance mechanisms and non-state actors should be formally recognized as decentralized institutions for service delivery. Building institutional capacities and restoring of core government functions are needed in post-conflict situations. As this assessment has noted, acceleration in one MDG goal will have a positive impact on the others. This implies a need to support multisectoral approaches. The importance of coordination among line ministries, planning and implementing agencies at different levels (national and subnational) must be stressed.

(2) Foster inclusive and pro-poor economic growth: Rapid poverty and hunger reduction are a result of high per capita economic growth driven by agricultural productivity, employment intensity and equitable distribution of income, assets and opportunities. In addition to efforts to halve poverty levels, attention should be focused on reducing the absolute number of poor people. Supporting agriculture through farm input provision (fertilizers, credit, improved seeds and water management) can contribute to production increases and food security. Expanding non-agricultural private sector activities is necessary for structural economic change. Crowding-in the private sector involves public investment in infrastructure, transfer and diffusion of technology. The evidence shows that mobilizing and allocating credit for industrial development; and adopting an open trade regime that does not harm local productive capacity are both required. A development-friendly Doha Round should be concluded within two years, and South-South trade and regional integration should be given additional support. Providing market access for exports of the LDCs, particularly for non-primary commodities, is urgently needed. Expansionary macroeconomic policies, focused on real output and employment targets, are needed to increase public investment, improve access to credit and promote exports. Developing countries should have the policy space to focus on multiple targets apart from low inflation rates, to use multiple macroeconomic instruments, and to not rely excessively on monetary variables.

(3) Increase public investments in education, health, water, sanitation and infrastructure. Investments in schools, hospitals, rural health centres, and in training health and education professionals lead to significant progress towards universal coverage and high-quality services. The EFA-FTI target of 20 percent of public spending on education should be met. Similarly, the African Union Abuja Declaration target of 15 percent of public spending on health should be achieved. Rapid improvement is made when supply-side investments that complement national strategies are supported by demand-side policies, mainly the elimination of user fees in education and health. Free access to HIV treatment and investments in prevention programmes are necessary to save lives. Investments in skilled health workers, particularly birth attendants, reduce maternal, neonatal and child mortality. In conflict situations, non-state actors and informal governance mechanisms should be considered for service delivery, while strengthening state capacities in post-conflict environments. The pay-offs are remarkable when investments in water, sanitation, housing and other infrastructure are made, with special attention paid to rural areas and slum dwellings.

(4) Invest in expanded opportunities for women and girls and advancing their economic, legal and political empowerment. Ensuring that girls have unfettered access to health services and education, both at primary and secondary schools, helps progress on all of the MDGs. Children born to mothers without formal education are more likely to suffer from malnutrition or die before the age of five than children born to mothers who completed schooling. Constitutional and legal reforms directly enhance women's political participation. Providing infrastructure to households, such as alternative energy sources, water and electricity, reduces the burden of domestic activities and frees girls to attend schools and women to engage in self-employment or participate in labour markets. Women's empowerment in the labour market should be strengthened through incentives based in public-private partnerships that address gender imbalances in the workplace. Women's access to productive assets such as land and credit, are necessary for their economic empowerment. Gender-sensitive public finance constitutes an effective tool to address gender imbalances in land rights and income levels.

(5) Scale-up targeted interventions, including social protection and employment programmes. Partnerships with domestic and international civil society groups work well when launching quick gain interventions. Mass immunization and the distribution of bed nets and antiretroviral drugs contribute to saving lives, particularly when implemented in an integrated manner. Social protection and cash transfer programmes provide cost-effective access to nutrition supplements, regular health check-ups and schooling. Programmes targeting women can have a multiplier effect on the other MDGs. Social assistance programmes also reduce vulnerabilities during crises and shocks. There is strong evidence that shows public employment programmes impact on poverty reduction fairly quickly and provide low-income countries with the opportunity to adopt countercyclical policies. Targeting mechanisms must be strengthened to avoid wasteful transfers. Sustainability of social transfer programmes is key, with the ultimate objective of moving to universal coverage.

(6) Support climate adaptation, enhance access to energy and promote low-carbon development. Achieving a global agreement on climate change is needed to support those with fewer resources to adapt to its impacts. Resources to finance adaptation to climate change must be additional to existing and projected ODA flows. Climate change and MDG policies need to be integrated. Support for the diversification of livelihoods away from climate-sensitive livelihood activities is urgently needed. Sustainable natural resource management is a key aspect of green growth. The capacity of SIDS, LLDCs and countries with vast coastal areas — that are vulnerable to and lack resilience to climate risks and natural disasters — should be strengthened to avoid a reversal of MDG achievements. Strengthening of risk-reduction capacities in vulnerable countries, supported by regional and global weather risk insurance funds, can work. Women in developing countries spend up to 25 percent of their time carrying firewood and fuel over long distances at great risk to their health and safety. Traditional energy sources tend to cause indoor air pollution, with serious health impacts, particularly on women and children. Supply of clean energy is indispensable.

(7) Accelerate domestic resource mobilization to finance the MDGs. Many countries are broadening their tax base and enhancing the efficiency of tax collection. The institutional capacity of revenue authorities must be strengthened, while ensuring transparency and accountability in the use of public resources. Changes in tax structures must be smooth to avoid a decline in total revenues, as is the case during transition from trade taxes to VAT. Establishing progressive taxes is necessary to avoid heavy burdens on goods and services that the poor disproportionately consume. Improving the efficiency of public expenditure is possible by both lowering the unit cost of providing public goods without reducing the quality or quantity of public services as well as reducing wasteful spending. Countries dependent on extractive industries need to be supported in contract negotiations and revenue generation from the sector. Environmental tax reforms provide opportunities for revenue generation while promoting low-carbon development. Temporary earmarked taxes, to finance a particular health challenge for instance, can be useful. Financial sector policies are needed to increase the pool of domestic savings available to governments and the private sector. Less than half of the households in developing countries have access to financial services, compared to over 70 percent in the developed world.

(8) Ensure the Global Partnership creates an enabling environment for the MDGs. The Partnership deliver on ODA commitments and improve the predictability, effectiveness, division of labour and modality of disbursement. ODA as of 2009 has increased by 30 percent in real terms since 2004. The shortfall between the forecasted 2010 ODA level and what was promised at Gleneagles in 2005 is only $17.7 billion, or 0.05 percent of the GNI of developed countries. This small gap can be filled, even under the conditions created with the financial and economic crisis, while aiming for the target of 0.7 percent of GNI. Accountability for past commitments will help improve the quality and effectiveness of new ones. The evidence shows that budget support is associated with better MDG outcomes. Providing ODA as grants and extending the grace period for concessional ODA to the LDCs beyond 2015 will avoid generating new debt burdens. ODA should also be distributed more equitably among countries, through multilateral organizations. Where applicable, further debt relief and/or a moratorium on official external debt repayments could increase the fiscal space of countries. Innovative financing mechanisms at the international level, such as environmental and financial transaction taxes, offer new opportunities to finance MDG-related investments, but should not detract attention from traditional ODA. Action is required to make unilateral trade preferences more beneficial to LDCs. Enhanced policy coherence is needed so as not to undermine the achievement of the MDGs through contradictory policies such as agricultural subsidies and trade barriers.

The Millennium Development Goals

GOAL 1: ERADICATE EXTREME POVERTY AND HUNGER

- **TARGET 1.A** Halve, between 1990 and 2015, the proportion of people whose income is less than $1.25 a day
- **TARGET 1.B** Achieve full and productive employment and decent work for all, including women and young people
- **TARGET 1.C** Halve, between 1990 and 2015, the proportion of people who suffer from hunger

GOAL 2: ACHIEVE UNIVERSAL PRIMARY EDUCATION

- **TARGET 2.A** Ensure that by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling

GOAL 3: PROMOTE GENDER EQUALITY AND EMPOWER WOMEN

- **TARGET 3.A** Eliminate gender disparity in primary and secondary education, preferably by 2005, and at all levels of education, no later than 2015

GOAL 4: REDUCE CHILD MORTALITY

- **TARGET 4.A** Reduce by two thirds, between 1990 and 2015, the under-five mortality rate

GOAL 5: IMPROVE MATERNAL HEALTH

- **TARGET 5.A** Reduce by three quarters, between 1990 and 2015, the maternal mortality ratio
- **TARGET 5.B** Achieve by 2015 universal access to reproductive health

GOAL 6: COMBAT HIV/AIDS, MALARIA AND OTHER DISEASES

- **TARGET 6.A** Have halted by 2015 and begun to reverse the spread of HIV/AIDS
- **TARGET 6.B** Achieve by 2010 universal access to treatment for HIV/AIDS for all those who need it
- **TARGET 6.C** Have halted by 2015 and begun to reverse the incidence of malaria and other major diseases

GOAL 7: ENSURE ENVIRONMENTAL SUSTAINABILITY

- **TARGET 7.A** Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources
- **TARGET 7.B** Reduce biodiversity loss, achieving by 2010 a significant reduction in the rate of loss
- **TARGET 7.C** Halve by 2015 the proportion of people without sustainable access to safe drinking water and basic sanitation
- **TARGET 7.D** Have achieved a significant improvement by 2020 in the lives of at least 100 million slum dwellers

GOAL 8: DEVELOP A GLOBAL PARTNERSHIP FOR DEVELOPMENT

- **TARGET 8.A** Develop further an open, rule-based, predictable, non-discriminatory trading and financial system (including a commitment to good governance, development, and poverty reduction, nationally and internationally)
- **TARGET 8.B** Address the special needs of the least developed countries (including tariff- and quota-free access for exports of the least developed countries; enhanced debt relief for heavily indebted poor countries and cancellation of official bilateral debt; and more generous official development assistance for countries committed to reducing poverty)
- **TARGET 8.C** Address the special needs of landlocked countries and small island developing states (through the Programme of Action for the Sustainable Development of Small Island Developing States and the outcome of the 22nd special session of the General Assembly)
- **TARGET 8.D** Deal comprehensively with the debt problems of developing countries through national and international measures to make debt sustainable in the long term
- **TARGET 8.E** In cooperation with pharmaceutical companies, provide access to affordable, essential drugs in developing countries
- **TARGET 8.F** In cooperation with the private sector, make available the benefits of new technologies, especially information and communications

Notes

1. Nepal: MDG Progress Report (forthcoming, 2010).
2. PNG: MDG Report (forthcoming, 2010).
3. Government of the Republic of Serbia (2009).
4. Syria: Third Country MDG Report (forthcoming, 2010).
5. Ghana: MDG Report (forthcoming, 2010).
6. Ethiopia: MDG Report (forthcoming, 2010).
7. Lesotho: MDG Report (forthcoming, 2010).
8. PNG: MDG Report (forthcoming, 2010).
9. Botswana: MDG Report (forthcoming, 2010).
10. Syria: MDG Country Report (forthcoming, 2010).
11. Costa et al. (2009).
12. The countries included Benin, Burkina Faso, Côte d'Ivoire, DRC, Gambia, Ghana, Guinea, Kenya, Mali, Nigeria, Sierra Leone, Togo and Uganda. In many of the countries, a 4 percent increase in rice planting is associated with a reduction in the import bill by 1 percent. This technological solution, which covered about 200,000 hectares, was possible because of regional coordination in agricultural policy. The partnership included the African Rice Centre, the Japan International Cooperation Agency (JICA) and the Japanese research and scientific community, UNDP and NGOs (see Africa Rice Centre at http://www.warda.org/warda/nericas-at-a-glance.asp).
13. Khan (2010).
14. Many countries use national poverty lines, which show significantly high poverty levels. The $1.25 dollar measure, pioneered by the World Bank, remains contentious. One can earn $1.25 but still fail to acquire the basic nutritional requirements, given the country-specific nature of changes in the cost of living.
15. Khan (2010).
16. Egypt: Achieving the MDGs Report (forthcoming, 2010).
17. Government of the Republic of Serbia (2009).
18. Sender et al. (2005).
19. Lübker (2002).
20. Ravallion and Chen (2008, p. 3).
21. Ethiopia: MDG Report (forthcoming, 2010).
22. UNDP's MDG Breakthrough Strategy: Internal Document (2010).
23. The evidence on what levels of inflation are good or bad remains inconclusive. There is no evidence to show that moderate inflation hurts the poor — especially those who mostly live in rural areas producing what they consume. This implies that their saving and consumption is not as monetized as higher income groups in urban areas, for instance.
24. See Blanchard et al. (2010) for discussion on macroeconomic policies and Van Waeyenberge (2010) for an alternative view.
25. The nine countries are Burundi, Cote d'Ivoire, DRC, Liberia, Malawi, Mali, Niger, Togo and Zambia. The two countries are Kenya and Nigeria (see World Bank, 2010b).
26. FAO (2009).
27. Duflo et al. (2008).
28. Hailu (2010).
29. While the aim of the ASDS was to achieve an annual growth rate of 5 percent in the agricultural sector from 2001, the achievement thus far has been only 3 percent growth (Government of Tanzania, 2008).
30. About $1 billion has been allocated to key sectors following the establishment of the Virtual Poverty Fund – a debt relief mechanism extended to Nigeria in 2005.
31. One World South Asia (2010).
32. UN (2009)
33. Vandemoortele (2004).
34. Egypt: Achieving the MDGs Report (forthcoming, 2010) and Botswana: MDG Progress Report (forthcoming, 2010).
35. UNESCO Online Database.
36. Nepal: MDG Progress Report (forthcoming, 2010).
37. These include Gabon, The Gambia, Lesotho, Malawi, Mauritania, Mauritius, Namibia, Rwanda, Seychelles, Sao Tome and Principe, Tanzania and Uganda.

38. Botswana: MDG Progress Report (forthcoming, 2010).
39. Egypt: Achieving the MDGs Report (forthcoming, 2010).
40. UNDP Samoa note on MDGs.
41. Nepal: MDG Progress Report (forthcoming, 2010).
42. MWVA (2004).
43. http://www.ugandaexportsonline.com/2009/home.php.
44. Rwanda: MDG Report (forthcoming, 2010).
45. Supported by UN agencies, particularly UNIFEM.
46. Ditshwanelo (2007).
47. Botswana: MDG Progress Report (forthcoming, 2010).
48. IFC (2005).
49. UN (2009). The Global Polio Eradication Initiative made it possible with the support of UN agencies, the bilateral disease control agencies, international foundations and donor governments. Examples are WHO, UNICEF, the United States Centres for Disease Control and Prevention, Rotary International, the Gates Foundation and the Global Alliance for Vaccines and Immunization.
50. UN (2009).
51. Egypt: Achieving the MDGs Report (forthcoming, 2010).
52. Ministry of Planning and Investment, Viet Nam (2008).
53. UNICEF (2007).
54. Government of Afghanistan (2008).
55. WHO, UNICEF, UNFPA, and the World Bank (2007). Recent evidence shows that, globally, maternal deaths declined from 526,300 in 1980 to 342,900 in 2008. The maternal mortality ratio declined from 320 per 100,000 live births in 1990 to 251 in 2008. Six countries account for more than half of the deaths: Afghanistan, DRC, Ethiopia, India, Nigeria and Pakistan (see Hogan et al., 2010).
56. UNICEF (2008) and WHO (2008b).
57. Hogan et al. (2010).
58. As of 2009, USAID had invested close to $20 million in the programme.
59. This project was supported by UNFPA.
60. Raise Initiative and RHRC Consortium (2008).
61. UNICEF (2008).
62. Ethiopia: MDGs Country Report 2010 - Trends and Prospects for Meeting MDGs by 2015 (forthcoming).
63. NIPORT, ORC Macro, JHU and ICDDR (2001).
64. UNICEF (2006).
65. WHO (2008a).
66. Save the Children (2010).
67. Lesotho: MDG Report (forthcoming, 2010).
68. PNG MDG Report (forthcoming, 2010).
69. Kyrgyz Republic: MDG Report (forthcoming, 2010).
70. UNDP (2010).
71. Nunn et al. (2009).
72. Berkman et al. (2005).
73. MARCO (2009).
74. Egypt: Achieving the MDGs Report (forthcoming, 2010).
75. Liberia: Progress towards the MDGs Report (forthcoming, 2010).
76. Lesotho: MDG Report (forthcoming, 2010).
77. However, according to the UN (2009, p. 35), "major progress has been made in the fight against malaria in recent years, due in large part to increased funding and focus on malaria control. New and ambitious goals, laid out in the 2008 Roll Back Malaria Global Action Plan, are challenging countries to implement bold plans to achieve universal coverage with key interventions by 2010. At the same time, global funding for control efforts has also risen significantly… international funding for malaria control has grown from $250 million in 2004 to $700 million in 2007, and is expected to have reached $1.1 billion in 2008."
78. WHO (2007).
79. Togo: MDG Report (forthcoming, 2010).

80. WHO (2009).
81. WHO (2008a).
82. Consejo Nacional de Coordinacion de Politicas Sociales (2009, pp.79-80).
83. For its successful implementation, the RNTCP has developed effective partnerships among national, state, district and sub-district health stakeholders; more than 2,500 non-governmental organizations; about 19,000 private practitioners; 150 corporate hospitals and 273 medical colleges. The 'patient-wise drug boxes' (containing medications for the entire duration of the treatment, earmarked for every patient) are the critical innovations that ensure uninterrupted treatment once a person is diagnosed with TB. The public-private partnership was significant in detection and treatment of patients.
84. A major concern is the emergence of multi-drug resistant (MDR) TB in Southern Africa.
85. PNG: MDG Report (forthcoming, 2010).
86. UN (2009).
87. Mali was able to obtain European certification standards for exporting some farm products. For instance, the treatment of more than 2,000 hectares of orchards since 2006 was followed by a 50 percent increase in the exports of mangoes and generating an estimated $12 million. This initiative was supported by the Integrated Framework for Trade-related Technical Assistance.
88. Costa et al. (2009) and Sarkar (2006).
89. Developing economies also spend large proportion of their GDP on energy imports, compared to export earnings. This is best reflected by countries such as Kenya, India and Senegal. India spends around 30 percent of export earnings on importing energy and the former two spend more than 50 percent (UNEP, 2009).
90. In Tanzania, with the support of UNIDO, in 2006 a project was launched in the Kigoma to generate electricity from liquid bio-fuels, including palm.
91. UN (2009).
92. Mainly the International Water and Sanitation Centre, the University of Kuopio, Bangladesh University of Engineering and Technology, University of Peradeniya, University of Kerala, NGO forum for Drinking Water Supply and Sanitation, Socio-Economic Unit Foundation, and COSI Foundation for Technical Cooperation.
93. This programme began in July 2003.
94. Vaitsman and Paes-Sousa (2007).
95. The construction of these sanitary units also contributed to income generation. Women masons in Bangladesh earned $15-$17 per month at the solid waste recycling units. In India, women latrine masons are earning $5.4 per installation and repaired toilet.
96. Kyrgyz Republic: MDG Report (forthcoming).
97. UNISDR (2009).
98. Ghana: MDG Report (forthcoming).
99. Griffith-Jones and Ocampo (2009).
100. Calculated from Chen and Ravallion (2010) and World Bank (2010b).
101. Botswana: MDG Progress Report (forthcoming, 2010).
102. Mohamed (2009).
103. AfDB (2009).
104. www.ilo.org.
105. World Bank (2010b, pp. 6-7).
106. Ravallion (2008).
107. World Bank (2009, p. 10).
108. Buvinic (2009a and 2009b).
109. See Conceição et al. (2009) for review of the impact of the crisis on human development.
110. World Bank (2010b, p. 42).
111. Ghana: MDG Report (forthcoming, 2010).
112. OECD (2009).
113. IMF (2010).
114. IMF (2008).
115. Hailu (2008).
116. Fankhauser and Schmidt-Traub (2010).
117. Stern (2007) and Aluka et al. (2010).
118. Lesotho: MDG Report (forthcoming, 2010).

119. Many factors contribute to high food prices, including (1) oil price rises and high costs of farming, (2) substitution of food production for bio-fuels, (3) the rising demand from rapidly growing countries, (4) poor weather, (5) speculation, and (6) the emergence of large food empires with monopoly over food chains (see Johnston and Bargawi, 2010).
120. FAO (2009).
121. FAO (2008).
122. IFAD (2008).
123. Global Policy Forum (2008).
124. UN-Habitat (2007).
125. UN-Habitat (2010).
126. UN-Habitat (2010).
127. Brockerhoff (2000).
128. UN-Habitat (2010).
129. Ethiopia: MDGs Report (forthcoming, 2010).
130. World Habitat (2008).
131. Mlambo et al. (2009, p. 53).
132. Keeping the Promise (2010, p. 11).
133. OECD (2009).
134. Bryce et al. (2005).
135. Sabri et al. (2007).
136. Carlson et al. (2005).
137. Scheye (2009).
138. The disaggregation of data is key in order to target the most vulnerable populations, who are often excluded from access to essential services and from participation in political processes.
139. Weeks et al. (2003).
140. Fukuda-Parr (2008).
141. World Bank (2008, p. 66).
142. UNECLAC (2010).
143. PNG: MDG report (forthcoming, 2010).
144. Rusten et al. (2004).
145. Reinikka and Svensson (2004).
146. UNDP (2010).
147. Nepal: MDG Progress Report (forthcoming, 2010).
148. Egypt: Achieving the MDGs Report (forthcoming, 2010).
149. Ferreira and Gignoux (2008).
150. UNESCO (2007).
151. UNECLAC (2010).
152. For instance, sheep scabies in Lesotho constantly affects wool and mohair production (see Lesotho: MDG Report, forthcoming, 2010).
153. Ghosh and Chandrasekhar (2009).
154. In Ghana and Tanzania, only about 6 percent of the population use banking services. Microfinance institutions have shown some successes in reaching the rural and urban poor, especially disadvantaged women, partly through the extension of mobile banking technology. But the successes of microfinance initiatives are limited to specific areas and target particular groups of beneficiaries. Research shows that most schemes are biased towards urban dwellers and were excessively dependent on external funding (see Chandrasekhar, 2004 and Hailu, 2008).
155. Krieckhaus (2002).
156. These policies are not unique to Asia. For instance, selective bank-based credit allocation rather than equity-based finance was instrumental in accelerating France's industrial growth (Loriaux, 1999). Industrial development in Finland was supported by state control of interest rates and bank-based credit allocation in line with pre-determined investment strategies (Vartiainen, 1999).
157. Ghosh (2004).
158. Cordon (1997).
159. Anderson (2002).
160. Commission for Africa (2005, p. 25), emphasis added.

161. Government of Ethiopia (2007).
162. World Bank (2010b) and Aker and Mbiti (2010).
163. UNDP (2009).
164. FTI Secretariat (2010).
165. In the short to medium term, ODA flows can continue to finance key capital expenditures. As economies grow, capital expenditure, other than on pure public goods and on social services, will increasingly be financed through domestic and foreign private investment. The (reduced) demand for incremental public investment can continue to be ODA financed, eventually substituted by increases in domestic debt-financed public investment. This transition is relatively easy to calibrate. The extent to which this substitution can be made, and the time frame, depend on the net savings/GDP ratio. Policies to increase domestic savings are required (Roy and Heuty, 2009).
166. McKinley (2007a and 2007b).
167. According to the Stockholm International Peace Research Institute (http://www.sipri.org), military spending in Latin America rose to $38.6 billion in 2008 at constant 2005 prices; meanwhile ODA received in the region amounted to $6.9 billion.
168. Hoerner and Bosquet (2001) and Heyzer (2009).
169. UNESCAP (2008).
170. Chung (2009).
171. Ghana: MDG Report (forthcoming, 2010).
172. Hailu and Soares (2008).
173. Handa and Stewart (2008).
174. United Nations and Government of Panama (2009).
175. Hailu and Soares (2008).
176. Schuering (2008).
177. Ghana: MDG Report (forthcoming, 2010).
178. Soares et al. (2007).
179. Sumaila et al. (2008).
180. Soares et al. (2007) and de la Brière and Lindert (2005).
181. Domestically, the programme was seen as perpetuating poverty by creating dependence. Some others argued the programme was inefficient and expensive (Moore, 2009).
182. Kostzer (2008).
183. Mehrotra (2008).
184. Weeks (2009 and 2010).
185. Government of the People's Republic of Bangladesh (2009).
186. Agricultural research indicates that the technology reduces land requirements for crops by 75 percent or more, and water use by 90 percent. Hydroponic farming also requires no use of fertilizer (Bradley and Marulanda, 2001).
187. Davies and Leavy (2007).
188. Sumner et al. (forthcoming, 2010).
189. Urban and Sumner (2009).
190. The figures for ODA are calculated from data obtained at http://www.oecd.org/dac/stats.
191. Shiferaw (2010).
192. MDG Gap Task Force Report (forthcoming, 2010).
193. MDG Gap Task Force Report (forthcoming, 2010, p. 9).
194. Frot and Santiso (2009).
195. OECD (2009).
196. OECD (2007).
197. Dom (2007).
198. Joint Evaluation of General Budget Support 1994-2004.
199. Dom (2007).
200. Gerster (2007).
201. European Commission (2008).
202. EuropeAid (2009).
203. EC (2009).
204. World Bank (2010a).

205. The countries include post-decision and completion points HIPCs and other low- and middle-income countries with a PV debt-to-GDP ratio over 65 percent. It does not include pre-decision point HIPCs where comprehensive debt relief remains to be delivered and may bring these countries' debt ratios below the threshold of debt distress.
206. The pro-poor impact of a VPF is therefore highly conditional on the ability to identify and deliver pro-poor expenditures within the national PRSP.
207. Williamson and Canagarajah (2004).
208. Kuteesa and Nayenga (2004).
209. Technical Support Unit - Italian-Egyptian Debt for Development Swap Program (2008).
210. UNAIDS (2004).
211. Ruiz (2007).
212. Williamson and Canagarajah (2004) and Lentz (2004).
213. UN (2009).
214. Due to the complexity of the application process under EBA (GSP rules), ACP countries may prefer to request preferential treatment under the Cotonou agreement rather than the EBA.
215. Faber and Orbie (2009).
216. Estimates are from the Global Financial Integrity, available from http://www.gfip.org/.
217. The agenda is not meant to be exhaustive or to be applicable across the board. There are many country-specific factors that influence MDG outcomes, which the scope of this Assessment does not permit to cover.

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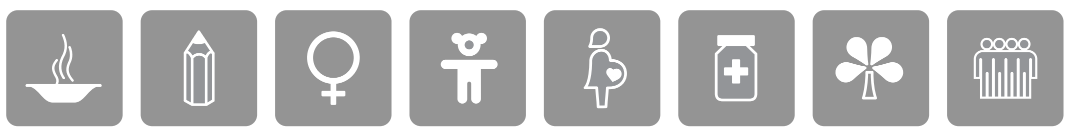

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