GOVERNANCE FOR THE MILLENNIUM DEVELOPMENT GOALS: Core Issues and Good Practices

January 2007

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FOREWORD

One of the most important aims of the United Nations’ programme of Reinventing Government is to promote good governance towards the realization of the United Nations’ Millennium Development Goals (MDGs). The MDGs are a set of targets on certain human development variables adopted by the Millennium Declaration of the UN General Assembly in 2000. This book constitutes the first attempt to link the MDGs to the important concept of governance. As such, it delineates the theoretical and empirical links between policy making and sound governance while at the same time contributing to the debate on democratic governance.

Eradicating poverty and hunger, ensuring universal primary education, promoting gender equality and empowering women, combating HIV/AIDS, malaria and other diseases, reducing child mortality, improving maternal health, and achieving environmental stability constitute the pillars of the Millennium Development Goals. The MDGs are attainable only if and when countries of the world work towards them in cooperation with each other. Today, the sad reality is that considerable gaps exist between performances of different countries and regions in applying and instituting the reforms towards the successful completion of the MDGs. Some of the reasons for these performance gaps can be found in lack of economic growth, income inequality, political mismanagement and inefficient policy making. While constant and high economic growth, accompanied by carefully designed and targeted pro-poor policies, are crucial for attaining the MDGs, effective decentralization, efficient delivery of services and respect for human rights, rule of law and accountability have the potential to channel the MDGs into good governance.

Good governance is synonymous with democratic governance. Democratic governance is possible when democratic values and norms are engrained into the society and its institutions along with the procedural requirements of fair and free elections as well as peaceful turnover of power. A strong civil society, respect for human rights in general, and minority rights in particular, accountable and transparent public administration, decentralized local governance, separation of powers and an impartial judiciary, along with macroeconomic stability, high economic growth and declining poverty are among the core dimensions of good governance. These features of good governance, including the principles of the Millennium Development Goals, cannot exist without the accompanying values of freedom, solidarity, tolerance, respect for the environment and shared responsibility in international development, security and peace. The MDGs and their associated norms and values are the quintessential means of building trust in government and government institutions.

The importance of good governance and the strengthening of trust in government become increasingly salient in the context of the Millennium Development Goals. That is why the 7th Global Forum on Reinventing Government focuses on building trust in government. The 7th Global Forum on Reinventing Government is organized by the United Nations Division for Public Administration and Development Management, Department of Economic and Social Affairs (DPADM/UNDESA) in cooperation with members of the Institutional Partners Group (IPG), entities from within the UN system and external organizations, and bilateral donors.

This book is one of the background documents for, and a timely contribution to, the debate on democratic and good governance. Its aim is to provide interested governments and policy makers with the theoretical and practical tools leading to successful completion of the United Nations Millennium Development Goals, and to show how this endeavour can subsequently be transformed into good governance.

I hope that this publication will provide the policy makers with the analytical tools of good and effective governance as well as the successful completion of the MDGs while at the same time contributing to the lively debate on good governance and the importance of building trust in government institutions.

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# ACRONYMS

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<th>Full Form</th>
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<tr>
<td>ADB</td>
<td>Asian Development Bank</td>
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<tr>
<td>AIDS</td>
<td>Acquired Immune Deficiency Syndrome</td>
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<tr>
<td>ASEAN</td>
<td>Association of Southeast Asian Nations</td>
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<tr>
<td>AUSAID</td>
<td>Australian Aid Agency</td>
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<tr>
<td>BPoA</td>
<td>Brussels Programme of Action</td>
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<td>CIS</td>
<td>Commonwealth of Independent States</td>
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<td>CRC</td>
<td>Citizen Report Card</td>
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<td>CSO</td>
<td>Civil society organization</td>
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<td>CSPGP</td>
<td>Chinese Society for Promoting the Guangcai Programme</td>
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<td>DCEC</td>
<td>Directorate on Corruption and Economic Crime</td>
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<td>DRR</td>
<td>Disarmament, Demobilization and Reintegration</td>
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<td>ESCAP</td>
<td>Economic and Social Commission for Asia and the Pacific</td>
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<td>EU</td>
<td>European Union</td>
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<tr>
<td>FSI</td>
<td>Failed States Index</td>
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<tr>
<td>GDP</td>
<td>Gross domestic product</td>
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<td>HIPC</td>
<td>Heavily Indebted Poor Countries</td>
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<td>HRC</td>
<td>Human Rights Commission</td>
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<td>ICT</td>
<td>Information and communication technologies</td>
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<td>LDCs</td>
<td>Least developed countries</td>
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<td>MDGs</td>
<td>Millennium Development Goals</td>
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<td>MTEF</td>
<td>Medium term expenditure framework</td>
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<td>NATO</td>
<td>Non Aligned Treaty Organization</td>
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<td>New Partnership for Africa’s Development</td>
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<td>NGOs</td>
<td>Non-governmental organizations</td>
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<td>ODA</td>
<td>Official development assistance</td>
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<td>OECD</td>
<td>Organization for Economic Cooperation and Development</td>
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<td>OPP</td>
<td>Orangi Pilot Project</td>
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<td>OSCE</td>
<td>Organization for Security and Co-operation in Europe</td>
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<td>PAR</td>
<td>Public administration reforms</td>
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<td>PPP</td>
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<td>PRSP</td>
<td>Poverty Reduction Strategy Papers</td>
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<td>SIDS</td>
<td>Small island developing states</td>
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<td>TB</td>
<td>Tuberculosis</td>
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<td>TQM</td>
<td>Total Quality Management</td>
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<td>UDHR</td>
<td>Universal Declaration of Human Rights</td>
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<td>UN</td>
<td>United Nations</td>
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<td>UNDESA</td>
<td>United Nations Department of Economic and Social Affairs</td>
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<td>UNICEF</td>
<td>United Nations International Children’s Emergency Fund</td>
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<td>UNDP</td>
<td>United Nations Development Programme</td>
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EXECUTIVE SUMMARY

The new century opened with an unprecedented declaration of solidarity and determination to rid the world of poverty. In 2000, the UN General Assembly, in the largest ever gathering of Heads of State adopted the Millennium Declaration. The Declaration commits countries – both developed and developing – to do all they can to eradicate poverty, promote human dignity and equality and achieve peace, democracy and environmental sustainability. Emanating from the Millennium Declaration are the Millennium Development Goals (MDGs), which are a set of specific, quantified and time-bound targets on the various dimensions of human development – income poverty, hunger, health, education, gender equality, and environmental sustainability. Their importance for the global community is exemplified by their increasingly becoming the driving force for development policy internationally, the means to productive life for the billion-plus people living in extreme poverty and a way to secure a peaceful world for all.

However, one-third of the way through to the end of the target period (2015), the overall progress made on achieving the MDGs so far presents a sobering picture. Few regions and countries will meet all the goals, and some may meet none of them at all. The majority of the countries will fall in between, meeting some goals but not others. In the Asia and the Pacific region some countries, like China, have made substantial progress, especially in reducing poverty. But sub-Saharan Africa, in particular, faces significant challenges in meeting virtually all the MDGs and many countries in this region are falling behind. While there are some improvements in other regions, only three – North Eastern Asia, Latin America and the Caribbean, and North Africa and Western Asia – are on track to meeting five to six of the first 11 targets. If, however, Goal 8 on the global partnership for development, involving enhanced ODA, greater market access in the global trading regime, debt relief, etc., is not met, it will be difficult for the developing countries to achieve Goals 1 to 7.

Four overarching reasons – lack of economic growth, inequality in the distribution of income, governance failures and policy neglect – are the major reasons for the shortfall in the attainment of MDG targets. In fact, the developing world can be categorized into: (1) fast growing regions with significant progress on MDGs (the best example is Eastern Asia); (2) fast growing regions with limited progress on MDGs (this is the case with Southern Asia); (3) slow growing regions with significant progress on MDGs (two regions, Latin America and the Caribbean, and North Africa and Western Asia exhibit this pattern); and (4) slow growing regions with little progress on the MDGs (two regions fall into this category, the transitional economies of Europe and Central Asia, and the countries of sub-Saharan Africa). Analysis shows a high correlation between progress on MDGs and the rate of growth of GDP per capita, the degree to which growth is pro-poor and, in particular, the quality of economic institutions. The negative impact of corruption on the rate of progress on the MDGs also emerges strongly from the results.

Governance and MDGs are linked in two ways: indirectly, via the growth of a country, and directly through certain elements of governance that affect the attainment of MDGs. Almost every dimension of governance is correlated with income, which is required to finance both public and private investments and recurring outlays to achieve the MDGs. Also, achievement of MDGs can potentially lead to high growth and better governance through improved human capital accumulation. This underscores the importance of a broad-based strategy to meet the MDGs, directly through good governance practices and indirectly through investments in human capital and infrastructure.

The direct linkage between achieving MDGs and economic and political governance is established via the following critical dimensions of good governance: a pro-poor policy framework, public administration and civil services, decentralization and delivery of services. The cross-cutting dimensions include accountability and transparency, rule of law, human rights and the role of civil society. On the whole, it appears that for achievement of MDGs, principal areas needing reform and strengthening are economic institutions, either through effective decentralization and/or sector specific improvements in service delivery. Improved transparency and accountability – in particular, combating corruption – along with an appropriate framework for pro-poor policies and improved public
administration and civil services are essential. Strengthening of cross-cutting dimensions (for example, human rights and rule of law) is also of importance, as is the supporting role of civil society institutions.

Developing countries face a number of challenges in each of the dimensions of governance that hamper the attainment of MDGs. Two crucial issues generally arise in pro-poor policy frameworks. The first relates to economic growth – whether high growth rates will be achieved and sustained – and the second relates to whether this growth will translate into poverty reduction. The former will depend on a policy and regulatory framework that facilitates investment and reduces transaction costs. The latter will depend on the sources of growth and how the gains from growth are distributed among households. The general conclusion appears to be that pro-poor growth can be achieved through policies – fiscal, monetary, trade, etc. – that direct growth towards sectors (like agriculture) in which the poor work, towards areas where they live, towards factors (labour) that they possess and towards the production of goods (like food) that they consume.

Increased globalization and democratization have changed people’s expectations of the state. In general, however, public administration in developing countries is unable to cope with the changing demands of rapidly evolving socio-economic and political global and national environments. Key issues relate to civil services, like overstaffing of government departments and semi-autonomous organizations, favouritism and malpractice in recruitment and promotion, political and ethnic pressures, low salaries, “moonlighting” and corruption. In each of these situations, there is a breakdown in government performance and the worst sufferers are the poor, who largely depend on public services. “Transformational” leadership capable of providing vision and direction to the organization, inspiring and guiding of reform is a prerequisite for effective public administration.

Delivery of basic services in developing countries is also fraught with challenges. Often coverage is limited, services are of poor quality, and financial, legal and socio-cultural barriers inhibit access for some in society. In response to these issues, governments need to rethink service provision. One possible strategy is to broaden the range of service providers by including the “non-government sector” – CSOs and the private sector. Another is to decentralize service provision to lower tiers of government, thereby bringing it, and as a result, government closer to the people.

However, in many developing countries, decentralized service delivery has not achieved efficiency and equity goals due to several factors. These include limited authority or misaligned responsibilities among the providers, lack of capacity at the local level, capture by “elites,” and lack of competition. Fiscal issues pose other constraints related to allocation of expenditure and tax responsibilities between central and local tiers of government, the design of an intergovernmental grant system, and the budgeting and monitoring of fiscal flows among different levels of government.

The rule of law not only ensures life and personal security, it also provides a stable framework that can help to reduce risk to investors and cut down transaction costs. A legal system that protects property rights and enforces contractual obligations also fosters the development of markets in land, labour, and capital, thereby enhancing economic efficiency and raising the rate of growth. The rule of law can also play an important role in ameliorating poverty. The poor are most at risk from the abuse of political and economic power, and are least able to protect themselves against the injury and economic loss that result from such abuse. Rarely do poor people appear in court except as defendants in criminal prosecutions. The actual cost of engaging a lawyer, the opportunity cost of time spent in court, the long period required for judgements and the generally low level of education inhibiting the poor from effective litigation all serve as deterrents to their access to justice. Also, many of the poor are vulnerable in the face of the justice system, as they may be illegally living in squatter settlements and/or earning income through self-employment in various forms of illicit activities. Laws need to be designed to protect the poor and the legal system must provide them with greater access to justice.

The concern of human rights advocates is that even if the MDGs implicitly reflect many parts of the human rights agenda (including the rights to food, education, health, a decent standard of living, etc.) most of the strategies to achieve the MDGs currently operate in a predominantly traditional economic (and still incipient human rights) framework. It is imperative, therefore, to focus explicitly on the human rights approach by highlighting the need for empowerment, particularly of women and of the other marginalized sections of society. The concepts of participation and accountability need to be applied
meaningfully and political will have to be created to truly operationalize these concepts. Human rights implementation and monitoring frameworks must be mobilized. If the MDGs can be inserted in appropriate ways into a human rights monitoring framework, there is much to be gained.

An active civil society contributes to strengthening and deepening good governance in several ways: by undertaking policy analysis and advocacy; monitoring state performance and the action and behaviour of public officials; building social capital through community organization and enabling citizens to identify and articulate their values, beliefs and norms; mobilizing particular constituencies, particularly the vulnerable and marginalized sections of society to participate more fully in public affairs; and finally, undertaking development works to improve the well-being of their own and other communities. However, civil society’s potential impact is constrained by challenges such as a lack of financial sustainability, the absence of a conducive legal and regulatory framework, inadequate internal accountability and government suspicions about their roles.

Overall, democratic governance best encompasses the principles and values of good governance. It is a powerful instrument to overcome the human development challenges of the developing world. But it is important to view it in a proper perspective. Democratic governance is not only synonymous with relatively free and fair elections; it is about democratic values and norms, equity and non-discrimination, participation and inclusion, and transparency and accountability.

Governance issues affecting the attainment of MDGs are broad based, widespread and complex, their impact is far-reaching and their resolution difficult. However, these issues become even more complicated in certain special situations, for example in the case of SIDS, LDCs, or countries in conflict or post-conflict situations, all of which need particular attention. The Outcome Document of the 2005 World Millennium Summit reaffirmed the commitment of the world leaders and the international community to address the special needs of such countries as they continue to face persistent human development challenges and confront even greater difficulties in achieving the MDGs. The messages that must be emphasized and reinforced for post-conflict countries include the following: the need to restore or strengthen the writ of government by focusing on re-establishing public administration, undertaking capacity building at all levels, and promoting decentralization of services and the rule of law (including, if necessary, the framing of a new constitution). Conflict resolution may require the establishment of truth and reconciliation mechanisms at the local level. In addition, the strategy must be to achieve early economic recovery through cash-for-work programmes, micro-credit, and restoration of infrastructure.

It is also important to focus aid on LDCs, landlocked countries, SIDS and low-income countries with large pockets of poverty. This implies the need for more and better targeted ODA, which should support capacity building as well as policy changes and reforms that can help countries to benefit from new technologies and opportunities. ODA should also help to improve the quality and responsiveness of institutions and raise the quality of governance generally. It should be better administered as well. Donors should increase efforts to harmonize and pool their funds and agree on common standards of reporting and accountability. Also, ODA should avoid capital-intensive projects and make more provisions for recurrent costs that can be phased out over feasible periods.

This report presents a number of multi-faceted examples of good practices and innovations in the area of governance that have been implemented by governments, CSOs and the private sector, either individually or collectively, to move countries closer to the attainment of MDG targets. Obviously, there is no single prescription that has universal relevance. What is required is to examine the factors that have lead to the success of an initiative in a particular socio-economic and/or political environment, extract relevant lessons, and then assess the broader replicability of the experience. Key lessons emanating from the case studies show that it is crucial for policies to be: (1) nationally owned and primarily home-grown; (2) sustained financially (with adequate resources, timely released), politically (with continued political support, irrespective of change in government) and administratively (with bureaucratic commitment supported by champions of reform); (3) tailored to local socio-economic and political contexts and demonstrating pragmatic improvisation and perhaps incrementalism to make services work, particularly in weak institutional environments like those in conflict or post-conflict countries, LDCs or crisis situations; (4) based on a bottom-up approach involving all stakeholders at all levels of development and implementation, preceded by social mobilization and change in mindset; (5) properly managed, coordinated and monitored with realistic and well-defined targets and goals; (6) evolutionary in nature, learning from their own and others experiences; and (7) to the extent required,
supported, financially and technically, by donors and the international community with efficient, harmonized and predictable aid.

Achievement of MDGs will require substantial scaling up of investment in developing countries, which in turn requires good governance for proper utilization of additional resources. Governance for the twenty-first century has many attributes. The report proposes an 11-point agenda for reforms to improve and strengthen governance in the rapidly changing world. The agenda covers all the dimensions of good governance focused on in this report, including the following:

- Developing a poverty reduction policy framework which provides an appropriate mix of macroeconomic and sectoral policies. The former should focus on macroeconomic stability, high growth and employment, and the adoption of a poverty reduction strategy as a road map for the attainment of the long-term development vision based on achieving the MDGs.

- MDGs have to be contextualized and disaggregated to the local level. Their prioritizing, timing, and sequencing need to be attuned to local political, socio-economic and geographical conditions.

- Reforming public administration by focusing on four “building blocks:” first, strong central capacity for formulating and coordinating policy; second, reforms of institutions for the delivery of services; third, motivated and capable staff and leadership development; and, fourth, effective mechanisms for interface among the public sector agencies. These will require investment in personnel (increase in salaries/rewards, training, capacity building, etc.) and improvement in systems (ICT hardware and software, simplification of processes, etc).

- Moving towards decentralized local governance is the most effective mechanism for achieving sustainable improvements in service delivery.

- Specific/targeted interventions in critical areas like education, child and maternal health care, HIV/AIDS, water supply and sanitation, slum improvement etc., aiming to expand coverage, improve quality and enhance affordability, are essential.

- Free and fair elections accompanied by strengthening of representative and responsive governance institutions, opening up of media and information flows and giving a voice to the people is essential for improved accountability and transparency.

- Combating corruption on the basis of a comprehensive strategy that combines prevention, enforcement and public awareness with easy access to information, free media and a dynamic civil society.

- Strengthening the legal system by a separation of the power of different branches of government and enhanced societal respect for the role of an impartial judiciary along with the formulation and enforcement of laws which remove discrimination and enable access of the poor.

- Implementing MDGs in a human rights-based framework.

- Creating legal, political and institutional space for civil society to express its views, organize and participate in the development process.

- There is a need for more aid, more effective aid and better harmonized and coordinated aid.
Chapter 1  PROGRESS ON MDGs

“We recognize that, in addition to our separate responsibilities to our individual societies, we have a collective responsibility to uphold the principles of human dignity, equality and equity at the global level. As leaders we have a duty therefore to all the world’s people, especially the most vulnerable and, in particular, the children of the world, to whom the future belongs.”

—Millennium Declaration, UN Resolution adopted by the General Assembly, 18 September 2000.

The new century opened with an unprecedented declaration of solidarity and determination to rid the world of poverty. In 2000, at the 55th session of the UN General Assembly, the Millennium Declaration was adopted by the largest ever gathering of Heads of State. The Declaration commits countries – both developed and developing – to do all they can to eradicate poverty, promote human dignity and equality and achieve peace, democracy and environmental sustainability. World leaders promised to work together to meet concrete targets for advancing development. Commitment to certain fundamental values was reiterated as essential to the conduct of international relations in the twenty-first century. These include freedom, equality, solidarity, tolerance, respect for nature and shared responsibility (see Box 1.1).

1.1 The MDGs

Emanating from the Millennium Declaration and its fundamental values are the Millennium Development Goals (MDGs), which bind countries to do more in the realm of human development. The MDGs are a set of specific, quantified and time-bound targets on the various dimensions of human development – income poverty, hunger, health, education, gender equality, and environmental sustainability (see Box 1.2). They also reflect basic human rights – the rights of each person on the planet to health, education, shelter and security as pledged in the UN Millennium Declaration.

Why are the MDGs so important? Following the World Summit of the General Assembly in September 2005, MDGs have been and remain the most broadly supported, comprehensive and specific poverty reduction and human development targets the world has ever established. “MDGs are too important to fail. For the international political system, they are the fulcrums on which development policy is based. For the billion-plus people living in extreme poverty, they represent the means to productive life. For everyone on Earth, they are the linchpin to the quest for a more secure and peaceful world” (UN, 2005). The UN Millennium Declaration was first reaffirmed at the launch of the Doha Round on international trade in November 2001.

Soon after, world leaders met again at the March 2002 International Conference on Financing for Development in Monterrey, Mexico and established a framework for global development partnership, which is Goal 8 of the MDGs. Later that year, UN Member States gathered at the World Summit on Sustainable Development in Johannesburg, South Africa, where the focus was on Goal 7, on environmental sustainability. MDGs are now the driving force behind a new era of international

<table>
<thead>
<tr>
<th>Box 1.1</th>
<th>Fundamental Values in the Millennium Declaration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Freedom.</td>
<td>Men and women have the right to live their lives and raise their children in dignity, free from hunger and from the fear of violence, oppression or injustice. Democratic and participatory governance based on the will of the people best assures these rights.</td>
</tr>
<tr>
<td>Equality.</td>
<td>No individual and no nation must be denied the opportunity to benefit from development. The equal rights and opportunities of women and men must be assured.</td>
</tr>
<tr>
<td>Solidarity.</td>
<td>Global challenges must be managed in a way that distributes the costs and burdens fairly in accordance with basic principles of equity and social justice. Those who suffer or who benefit least deserve help from those who benefit most.</td>
</tr>
<tr>
<td>Tolerance.</td>
<td>Human beings must respect one other, in all their diversity of belief, culture and language. Differences within and between societies should be neither feared nor repressed, but cherished as a precious asset of humanity. A culture of peace and dialogue among all civilizations should be actively promoted.</td>
</tr>
<tr>
<td>Respect for nature.</td>
<td>Prudence must be shown in the management of all living species and natural resources, in accordance with the precepts of sustainable development. Only in this way can the immeasurable riches provided to us by nature be preserved and passed on to our descendants. The current unsustainable patterns of production and consumption must be changed in the interest of our future welfare and that of our descendants.</td>
</tr>
<tr>
<td>Shared responsibility.</td>
<td>Responsibility for managing worldwide economic and social development, as well as threats to international peace and security, must be shared among the nations of the world and should be exercised multilaterally.</td>
</tr>
</tbody>
</table>
development. There is explicit recognition, at the highest political level, that poverty in the poorest countries can be reduced if well-designed and well-implemented plans are put in place by developing countries and if rich countries simultaneously match their efforts with substantial increases in support. The Outcome Document of the 2005 World Summit calls for the developing countries to prepare MGD-based national development strategies by the end of 2006. The net financing gap of the investment needs for implementing these strategies could become the basis for international concessional assistance.

For people living in extreme poverty, the MDGs represent the potential for a better life in two ways: First, the goals are ends in themselves, in that reduced hunger, gender equality, improved health and education and broader access to safe water and sanitation are of direct benefit to the people. Second, the achievement of the goals could also contribute to economic growth and further development. An educated and healthier worker is a more productive worker. As such, the MDGs contribute to productivity and thereby to economic growth. Achieving the goals will require core investments in

<table>
<thead>
<tr>
<th>Box 1.2</th>
<th>Millennium Development Goals</th>
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<tbody>
<tr>
<td><strong>Goals</strong></td>
<td><strong>Targets</strong></td>
</tr>
<tr>
<td>1. Eradicate Extreme Poverty and Hunger</td>
<td>1. Halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day. 2. Halve, between 1990 and 2015, the proportion of people who suffer from hunger.</td>
</tr>
<tr>
<td>2. Achieve Universal Primary Education</td>
<td>3. Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling.</td>
</tr>
<tr>
<td>4. Reduce Child Mortality</td>
<td>5. Reduce by half, between 1990 and 2015, the under-5 mortality rate.</td>
</tr>
<tr>
<td>5. Improve Maternal Health</td>
<td>6. Reduce by three-quarters, between 1990 and 2015, the maternal mortality rate.</td>
</tr>
<tr>
<td>7. Ensure Environmental Sustainability</td>
<td>9. Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources. 10. Halve, by 2015, the proportion of people without sustainable access to safe drinking water. 11. Achieve a significant improvement in the lives of at least 100 million slum dwellers by 2020.</td>
</tr>
<tr>
<td>8. Develop a Global Partnership for Development</td>
<td>12. Further develop an open, rule-based, predictable, non-discriminatory trading and financial system (including a commitment to good governance, development and poverty reduction) both nationally and internationally. 13. Address the special needs of the least developed countries through measures including tariff-and-quota free access for exports, an enhanced programme of debt relief and a cancellation of official bilateral debt, and more generous official development assistance for countries committed to poverty reduction. 14. Address special needs of land-locked countries and small islands developing states. 15. Deal comprehensively with the debt problem of developing countries through national and international measures in order to make debt sustainable in the long term. 16. In cooperation with developing countries, develop and implement strategies for decent and productive work for youth. 17. In cooperation with pharmaceutical companies, provide access to affordable essential drugs in developing countries. 18. In cooperation with the private sector, make available the benefits of new technologies, especially information and communication technologies.</td>
</tr>
</tbody>
</table>

Source: Millennium Development Goals, 2000
physical infrastructure and human capital that enable poor people to join the mainstream economy and empower them with the economic, political, and social rights to fight their way out of poverty.

Finally, the MDGs are also vital to international and national security and stability. Extreme poverty and growing inequality between and within countries constitute the root causes for instability and conflict. There is a growing realization among world leaders that greater global security requires success in the battle against poverty.

“We should address the situation and factors that have potential to sow terrorism, namely, poverty, denial, deprivation, oppression and injustice.”

—President Benjamin William Mkapa of Tanzania, 10 January, 2003.

“The world economy as a whole is held back when lack of development condemns entire regions to poverty and seeming lack of prospects. It is also a political necessity, because the security and stability of the world are under threat from the reactions of populations that are deprived of their basic rights.”

—President Jacques Chirac of France, 26 May, 2004

As such, reducing poverty and respecting human rights are important prerequisites to peace and stability.

1.2 Tracking Progress on MDGs

One-third of the way through to the end of the target period (2015), it is important to take stock of the progress made by the world community in achieving the MDGs. Overall, some strides have been made in terms of enhancing world income, lowering the incidence of poverty and achieving a measure of gender equality. However, progress on reducing hunger and child/maternal mortality and on enhancing environmental sustainability has been limited, while HIV/AIDS represents a growing threat in many parts of the world. [See Table 1.1]

This global picture, however, masks the large variations at the regional and country level in progress towards the targets. Some regions, like Asia and the Pacific, and some countries, like China, have made substantial progress, especially in reducing poverty. But sub-Saharan Africa, in particular, faces significant challenges in meeting virtually all of the MDGs and many countries in this region are falling behind. While there are some improvements in other regions, only three regions – North Eastern Asia, Latin America and the Caribbean, and North Africa and Western Asia – are on track for meeting five to six of the 11 targets, as shown in Box 1.3, which presents – at a glance – the progress made by various regions towards the achievement of the MDGs.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>1990</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP Per Capita (1995 US$)</td>
<td>1071</td>
<td>1299</td>
</tr>
<tr>
<td>Headcount Poverty (%)</td>
<td>28</td>
<td>21</td>
</tr>
<tr>
<td>Undernourishment Prevalence (%)</td>
<td>20</td>
<td>17</td>
</tr>
<tr>
<td>Under-five Mortality per 1000 live births</td>
<td>103</td>
<td>88</td>
</tr>
<tr>
<td>Life Expectancy at Birth (Years)</td>
<td>63</td>
<td>65</td>
</tr>
<tr>
<td>HIV Prevalence (%)</td>
<td>0.6</td>
<td>1.6</td>
</tr>
<tr>
<td>Access to Improved Water Supply (%)</td>
<td>71</td>
<td>78</td>
</tr>
<tr>
<td>Access to Improved Sanitation (%)</td>
<td>34</td>
<td>49</td>
</tr>
<tr>
<td><strong>Value of Human Development Index</strong></td>
<td>0.6941</td>
<td></td>
</tr>
</tbody>
</table>

Source: UN (2005)
For 2003.

1.2.1 Goal 1: Eradicate Extreme Poverty and Hunger

The first MDG calls for eradicating extreme poverty and hunger. Targets are to halve, between 1990 and 2015, the proportion of people living in extreme poverty and suffering from hunger. The last two decades have witnessed a substantial decline in global poverty, largely as a result of the rapid economic growth in China and Eastern Asia, where the Gross Domestic Product (GDP) per capita has more than tripled and the proportion of people living in extreme poverty has fallen from 56 per cent to 17 per cent. Southern Asia also experienced a long-term drop in the poverty rate in the last 20 years, with the number of people living in extreme poverty dropping by almost 50 million. But in sub-Saharan Africa, where the GDP per capita fell by 14 per cent, the poverty rate rose from 41 per cent in 1981 to 46 per cent in 2001 and the number of people in extreme poverty increased by more the 140 million. In the early 1990s, the transition economies of Central Asia also experienced a sharp drop in income level and a rise in the incidence of poverty.
### Progress Towards the MDGs — A Glance

(Progress so far in Reaching Selected Targets)

<table>
<thead>
<tr>
<th>Goals &amp; selected targets</th>
<th>North Africa and Western Asia</th>
<th>Sub-Saharan Africa</th>
<th>Latin America and the Caribbean</th>
<th>North East Asia</th>
<th>South East Asia</th>
<th>Southern Asia</th>
<th>Trans. Econ. of Europe</th>
<th>SUMMARY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goal 1: Eradicate Extreme Poverty &amp; Hunger</td>
<td>Deteriorating</td>
<td>Improving-off track</td>
<td>Improving-off track</td>
<td>Improving-on track</td>
<td>Improving-off track</td>
<td>Improving-off track</td>
<td>Deteriorating</td>
<td>3</td>
</tr>
<tr>
<td>Target 1: Halve the proportion of people whose income is less than $1 a day</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Target 2: Halve the proportion of people who suffer from hunger</td>
<td>Deteriorating</td>
<td>Improving-off track</td>
<td>Improving-off track</td>
<td>Improving-off track</td>
<td>Improving-off track</td>
<td>Improving-off track</td>
<td>Deteriorating</td>
<td>3</td>
</tr>
<tr>
<td>Goal 2: Achieve Universal Primary Education</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Goal 3: Promote Gender Equality and Empower Women</td>
<td>Improving-on track</td>
<td>Improving-off track</td>
<td>Improving-off track</td>
<td>Improving-off track</td>
<td>Improving-off track</td>
<td>Improving-off track</td>
<td>Improving-on track</td>
<td>0</td>
</tr>
<tr>
<td>Goal 4: Reduce Child Mortality</td>
<td>Improving-on track</td>
<td>Improving-off track</td>
<td>Improving-off track</td>
<td>Improving-off track</td>
<td>Improving-off track</td>
<td>Improving-off track</td>
<td>Improving-on track</td>
<td>0</td>
</tr>
<tr>
<td>Goal 5: Improve Maternal Mortality</td>
<td>Improving-on track</td>
<td>Improving-off track</td>
<td>Improving-off track</td>
<td>Improving-off track</td>
<td>Improving-off track</td>
<td>Improving-off track</td>
<td>Improving-on track</td>
<td>1</td>
</tr>
<tr>
<td>Goal 6: Combat HIV/AIDS, Malaria and Other Diseases</td>
<td>Improving-on track</td>
<td>Deteriorating</td>
<td>Deteriorating</td>
<td>Deteriorating</td>
<td>Deteriorating</td>
<td>Deteriorating</td>
<td>Improving-off track</td>
<td>6</td>
</tr>
<tr>
<td>Target 7: Have halted and begun to reverse the spread of HIV/AIDS</td>
<td>Improving-on track</td>
<td>Deteriorating</td>
<td>Deteriorating</td>
<td>Deteriorating</td>
<td>Deteriorating</td>
<td>Deteriorating</td>
<td>Improving-off track</td>
<td>1</td>
</tr>
<tr>
<td>Target 8: Have halted and begun to reverse incidence of malaria and other major diseases</td>
<td>Improving-on track</td>
<td>Deteriorating</td>
<td>Deteriorating</td>
<td>Deteriorating</td>
<td>Deteriorating</td>
<td>Deteriorating</td>
<td>Improving-off track</td>
<td>1</td>
</tr>
<tr>
<td>Goal 7: Environmental Sustainability</td>
<td>Improving-off track</td>
<td>Deteriorating</td>
<td>Deteriorating</td>
<td>Deteriorating</td>
<td>Deteriorating</td>
<td>Deteriorating</td>
<td>Improving-off track</td>
<td>3</td>
</tr>
<tr>
<td>Goal 8: Integrate principles of sustainable into country’s policies and programmes and reserves losses to environmental resources</td>
<td>Improving-off track</td>
<td>Deteriorating</td>
<td>Deteriorating</td>
<td>Deteriorating</td>
<td>Deteriorating</td>
<td>Deteriorating</td>
<td>Improving-off track</td>
<td>3</td>
</tr>
<tr>
<td>Target 10: Halve the proportion of people without sustainable access to safe water</td>
<td>Improving-off track</td>
<td>Improving-off track</td>
<td>Improving-off track</td>
<td>Improving-off track</td>
<td>Improving-off track</td>
<td>Improving-off track</td>
<td>Improving-off track</td>
<td>0</td>
</tr>
<tr>
<td>Target 11: By 2020, achieve a significant improvement in the life of at least 100 million slum dwellers</td>
<td>Improving-off track</td>
<td>Deteriorating</td>
<td>Deteriorating</td>
<td>Deteriorating</td>
<td>Deteriorating</td>
<td>Deteriorating</td>
<td>Improving-off track</td>
<td>1</td>
</tr>
<tr>
<td>Summary</td>
<td>Deteriorating</td>
<td>Improving-off track</td>
<td>Improving-off track</td>
<td>Improving-off track</td>
<td>Improving-off track</td>
<td>Improving-off track</td>
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</tbody>
</table>
Despite having the fastest economic growth rates in the world, the Asia and the Pacific region still has the largest number of poor people. This highlights the relatively low income level for many and the disparities that exist within and among countries. Estimates for 2001 show that more than 700 million people in the region live on less than $1 PPP a day, accounting for slightly less than two-thirds of the world’s poor. Most of them live in the world’s most populous countries – China and India. Within Asia-Pacific a number of countries are expected to miss the income poverty targets on the basis of past trends – mostly countries that are classified as least developed (LDCs), landlocked or Small Island Developing States (SIDS). Extreme poverty is often associated with the rural landless, various ethnic groups, indigenous populations and, increasingly, the urban poor (the burgeoning number of people living in urban slums has reached an estimated 513 million globally). The growing vulnerability of the poor to natural disasters, such as the recent tsunami tragedy and the earthquake in Pakistan, is becoming a significant concern in the region.

During the 1990s, most countries of Asia-Pacific saw an increase in inequality in the distribution of income. High inequality neutralizes and even cancels out whatever positive impact growth may have on poverty reduction. The low level of agricultural development, resulting in high urban migration, is one of the principal causes of inequality in Asia. In addition, the region has experienced “jobless growth,” despite large increases in output and exports.

While the Asia and the Pacific region is not without problems, the story of Africa is much grimmer. Of all regions, sub-Saharan Africa has the highest proportion of people living in poverty. Some 300 million people face the daily struggle of surviving on less than $1 PPP a day. Between 1990s and 1999, the number of poor in the region increased by one-quarter, or over six million per year. If current trends continue, Africa will be the only region where the number of poor people in 2015 will be higher than in 1990. It will then account for nearly half of the poor in the developing world, up from less than a fifth in 1990 (UNDP/UNICEF [2002]).

Poverty reduction was hindered by the region’s weak economic performance during the 1990s, with an average annual growth rate of about two per cent. In per capita terms, the region registered a decline in GDP. Political turmoil and civil strife in a number of countries were major factors in the region’s weak growth performance. The vagaries of weather also contributed, particularly in the predominantly agricultural commodity exporting countries. Protracted drought, typhoons and floods resulted in a major disruption of agricultural production, which constitutes the main source of livelihood for the bulk of African population. Progress in reducing poverty is further complicated by sub-Saharan Africa’s highly skewed income distribution. Should such levels of inequality persist, the prospects for translating any gains from economic growth into shared prosperity and meaningful poverty reduction appear limited (UNDP/UNICEF [2002]).

Turning next to progress against hunger, over 800 million people, 17 per cent of the population in the developing regions, are undernourished. This implies that these people do not consume sufficient food to meet the minimum level of dietary energy requirements. In sub-Saharan Africa, one-third of the population, and in Southern Asia more than one-fifth of the population, does not have enough to eat (see Table A1.1). Progress on hunger has been slow over the last decade, the global proportion of undernourished has dropped from 20 per cent to only 17 per cent. Also, the fall has not been very widespread. It mainly reflects progress made in Eastern and South Eastern Asia. In other developing regions, such as sub-Saharan Africa and Southern Asia, even though the proportion of undernourished people has somewhat decreased, the number of hungry people has increased. An increase in the number and proportion of undernourished people is also evident in the CIS countries in Asia, where 23 per cent of the population or 17 million people are without sufficient food. Hunger is concentrated among the landless, or farmers whose plots are too small to provide for their needs. They account for 20 per cent and 50 per cent, respectively, of the total undernourished population. In the case of sub-Saharan Africa, drought and conflict combined with the high prevalence of HIV/AIDS (with rising death rates among middle-aged adults, typically the main breadwinner) have substantially aggravated problems in the region. Overall, if the current rate of progress (an annual reduction of 1.8 percentage points) continues, the MDG target of halving the proportion of people who suffer from hunger will not be met by 2015.

1.2.2 Goal 2: Achieve Universal Primary Education

The second MDG calls for achieving universal primary education. Progress is assessed against the target of ensuring that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary school.
Over the last decade, almost all regions saw improvements in primary enrolment (see Table A1.2). The exceptions were Eastern Asia and the European countries of the CIS, which started out with enrolment ratios of 90 per cent or higher. The greatest strides were made by Latin America and the Caribbean and Northern Africa, both of which achieved a nearly ten percentage point increase in enrolment since 1990-91. Although enrolment has grown nearly as fast in sub-Saharan Africa, the region still lags far behind the rest of the world. It is clear that accelerated progress is needed in sub-Saharan Africa if the goal is to be achieved. The same holds true for Southern Asia, which, in spite of improvements, still falls short of meeting the MDG target.

The education crisis in Africa has been compounded by the terrible impact of AIDS, which has decimated teaching staff and forced children to leave school. Proper long-term planning will be needed to meet the school enrolment targets. Furthermore, extra efforts to reduce the gender discrimination in access to education, particularly in Southern and Western Asia and sub-Saharan Africa are required where the disparities are large. Rural-urban variations are also significant. Another issue that needs attention is the school completion rate. Children may have access to education, but that does not guarantee that they will stay in school or complete their primary education. Because of low enrolment, poor quality of education, or because children repeat grades or drop out, many children and young people remain illiterate. The estimated youth literacy rate for the least developed countries, although increasing faster than in any other group of countries, is still extremely low, at 64 per cent. This means that one out of three young people cannot read or write. Although Southern Asia, sub-Saharan Africa and Northern Africa have experienced the greatest gains in literacy, they still have the lowest literacy rates. Around one quarter of their young people (aged 15 to 24) are illiterate and, therefore, have not achieved the proficiency that can be pivotal in helping them improve the quality of their lives.

Overall, progress towards universal primary education is mixed. Though five regions are approaching universal enrolment, there are still 115 million children out of school, the majority of them girls. Eight out of ten of these children live in Southern Asia or sub-Saharan Africa. Other factors contributing to poor progress include low levels of investment in the education sector, inefficient education systems and a rise in schooling costs – for textbooks, uniforms and school fees – borne by families.

1.2.3 Goal 3: Promote Gender Equality and Empower Women

The Millennium Declaration resolves to promote gender equality and the empowerment of women as basic human rights. Giving women their fair share is an important prerequisite to achieving the other MDGs. Women play a critical role in national economic growth and development. Their contributions have a lasting impact on households and communities as they most directly influence family nutrition, health and the education of children, and therefore affect not only the present but also the future. Giving women equal rights and opportunities is a way to enhance their contributions and bring us close to the goal of eliminating poverty, hunger and disease, and to stimulate development that is truly sustainable.

The fourth MDG target is to eliminate gender disparity in primary and secondary education, preferably by 2005, and at all levels of education no later than 2015. Gender equality in primary school enrolment has been nearly achieved in the developing world, with a ratio of girls’ to boys’ enrolment of 0.93 or higher (see Table A1.3). Southern Asia, sub-Saharan Africa and Western Asia lag behind, with ratios that remain low – from 85 to 89 girls per 100 boys. In spite of progress during the last decade these regions have largely missed the target of closing the gender gap at the primary school level by the end of 2005. The gender gap in access to secondary and tertiary education also remains a serious concern in these regions with little or no progress during the last decade. These regions will have difficulty in attaining the target of eliminating the gender gap by 2015.

The relatively low level of enrolment of girls has resulted in a high level of illiteracy among women (see Table A1.4). Two-thirds of the world’s 800 million illiterates are women. The largest gap is in Southern Asia, where women’s literacy rate is over 20 percentage points lower than that of men. The high level of illiteracy has hampered gender equality in labour markets also. Women’s share of the labour market in non-agricultural employment remains well below 50 per cent in all developing regions. Women’s access to paid employment in sectors considered more secure in terms of income and social benefits is even lower. Although they are engaged in many sectors of the economy – including the informal sector and unpaid subsistence work – women are not as well integrated into the monetized economy as men.
Turning to gender equality in the political process, though the number of women in national parliaments continues to increase, no country in the world has yet reached gender parity. The lowest proportions are in Oceania, Western Asia, Southern Asia and sub-Saharan Africa (see Table A1.4). A number of factors continue to present challenges to women’s political representation. The type of electoral system in place in a country, the role and discipline of political parties, women’s social and economic status, socio-cultural traditions and beliefs about women’s place in the family and society, and women’s double burden of work and family responsibilities can all have an impact on the number – and effectiveness – of women’s participation in the electoral process.

Interestingly, in the process of democratization, many post-conflict countries have recognized the importance of including women in reconstruction processes and in ensuring women’s participation in new democratic institutions. The national constitutions of Burundi and Rwanda, for example, now include provisions for reserved seats for women. In Mozambique and South Africa, the introduction of quota mechanisms by political parties meant that, in 2004, post-conflict and post-crisis countries ranked among the highest in the world in terms of women’s representation. The increase in women’s parliamentary representation in Latin America and the Caribbean is attributable to the introduction of affirmative action measures. Various quotas for women’s political participation exist in 17 countries in this region. Driven mostly by political elites, similar efforts have also been made in the Arab world. In Morocco, the electoral law was amended prior to the 2002 parliamentary elections to reserve 30 per cent of seats for women. Even in Southern Asia, progress has been made and one thirds of the seats in the local councils in Pakistan have been earmarked for women.

1.2.4 Goal 4: Reduce Child Mortality

The fourth MDG goal calls for reducing child mortality. The target is to reduce the under-five mortality rate by two thirds, between 1990 and 2015. Close to 10 million children under the age of five died in 2003. Significant variations exist across regions and across countries. The regional average varies from a low of seven per 1000 live births in developed countries to 172 in sub-Saharan Africa (see Table A1.5.).

Five diseases – pneumonia, diarrhoea, malaria, measles and AIDS – account for about half of under-five deaths. Most of these lives could have been saved by expanding coverage of existing interventions, especially among poor families. Malnutrition increases the risk of dying from these diseases and contributes to more than half of all child deaths. Progress in reducing child mortality has been uneven. All regions have made some progress. Northern Africa, Latin America and the Caribbean, and South-Eastern Asia experienced steep declines, with under-five mortality dropping by more than 40 per cent, which put them on track to meet the MDG target. Improvements in socio-economic status, better nutrition and access to prevention and treatment measures for major childhood diseases have helped drive improvements in child mortality in these regions.

The region with the highest level of child mortality, sub-Saharan Africa, experienced the smallest reduction over the 1990s – less than one per cent per year. In this region, under-five mortality must decrease by at least 8.5 per cent annually over the next decade to achieve the global target. For some sub-Saharan African countries, this lack of progress can be attributed to the increase in child deaths from AIDS. For most countries, however, advances in reducing child deaths have slowed because efforts to reduce malnutrition and provide appropriate interventions to address vaccine-preventable diseases have been inadequate. Fragile health systems and socio-economic stagnation due to conflicts and instability have contributed to the lack of progress in the region.

Progress in Southern Asia will also have a significant impact on achievement of the goal, since a third of under-five deaths occur in that region. The average annual reduction in under-five mortality between 1990 and 2003 in Southern Asia was less than three per cent. If this trend continues, the region will also fall short of meeting the MDG target by 2015.

Overall, if current trends continue, the global reduction of under-five mortality will fall well short of the two-thirds reduction goal. What is required is better access to therapies and medicines, systemic reforms of health facilities and delivery of care, especially in rural areas, and mothers’ greater awareness of appropriate prevention and care methods. Also, a fundamental cornerstone of the strategy is to attack poverty, since the poorest children are at greatest risk and have the least access to services.

1.2.5 Goal 5: Improve Maternal Health
The target of the fifth MDG, improving maternal health, is to reduce the maternal mortality ratio by three-quarters between 1990 and 2015. Complications during pregnancy and childbirth are a leading cause of death and disability among women in developing countries. Some 529,000 women died from pregnancy and childbirth-related health complications in 2000 (UNDESA [2005]). Many more were seriously injured or disabled. Every year close to nine million women suffer some type of injury from pregnancy or childbirth, which has a lasting effect on their lives. These deaths were almost equally divided between Africa and Asia, which together accounted for 95 per cent of the total. Overall, the maternal mortality ratio was 450 deaths per 100,000 live births in developing countries, the highest being in sub-Saharan Africa (920) followed by Southern Asia (540) (see Table A1.6).

The maternal mortality rate is a measure of the risk of death a woman faces every time she becomes pregnant. Thus, in countries where fertility is high, women face this risk many times; the cumulative risk of maternal death over a lifetime may be as high as one in 16, compared to one in 3,800 in the developed world. The lifetime risk would be considerably reduced if women had access to safe and effective contraceptives. Countries with the highest levels of maternal mortality also have the lowest use of contraceptives. Once a woman becomes pregnant, skilled medical care is essential. In the developing world as a whole, the presence of a skilled attendant at delivery increased significantly between 1990 and 2003, from 41 to 57 per cent (see Table A1.2). The greatest improvements over that period occurred in South-Eastern Asia and Northern Africa while the least change was observed in sub-Saharan Africa and in Western Asia. Within regions there are significant differences across countries and in different settings within the same country. In Ethiopia, the rich are 28 times as likely as the poor to be attended by a medically trained health care provider in a delivery, while in Chad and Niger the difference is 14 fold or more (UNDESA [2005]). Aside from complications in childbirth, pregnant women can die in many different ways, since pregnancy can aggravate other diseases such as malaria, anaemia, tuberculosis and heart disease. Abortions carried out by untrained personnel can also be fatal.

At a broader level, an important step is to ensure that women are adequately nourished and educated. Educated women have a greater say over pregnancy decisions and are less likely to resort to unsafe abortions. They can acquire more information on risks of childbirth and what to do if complications arise. Better educated women are more likely to start having children later. This is important because girls aged 15-19 are twice as likely to die from childbirth as women in their twenties. The countries with the highest levels of maternal mortality are also those with the highest number of teenage pregnancies.

1.2.6 Goal 6: Combat HIV/AIDS and Other Diseases

The targets are to have halted and begun to reverse the spread of HIV/AIDS, malaria and other major diseases by 2015. The rapidly increasing HIV/AIDS epidemic has over the years contributed to the deepening and spread of poverty, worsening gender inequalities, reversing human development and hampering pro-poor growth by reducing labour productivity and eroding the capacity of governments to provide essential services. Worldwide some 40 million people are currently infected with the HIV virus, over 25 million of them in Africa. More than 10 million children in the region have been orphaned by AIDS. In 2004 alone, an estimated 3.1 million people died of AIDS, 500,000 of them under 15 years of age. At the end of that year, 39.4 million people were living with HIV. The worst affected region is sub-Saharan Africa, home to nearly two thirds of all people living with HIV. Prevalence rates among adults in that region have exceeded seven per cent, (see Table A1.7) rising to over 30 per cent in some settings. Prevalence rates appear to have stabilized in most sub-regions of sub-Saharan Africa, albeit at very high levels. In Asia, where an estimated 5.4 - 11.8 million people are living with HIV, relatively low national prevalence rates mask localized epidemics that have the potential to escalate dramatically. The large, populous countries of China, India and Indonesia are of particular concern.

About one-third of those currently living with HIV/AIDS are between 15 and 24 years of age. The high incidence rate in the young is partly due to rising level of substance abuse. But there have also been changes in patterns of sexual behaviour, such that young people are likely to have a greater number of sexual partners. International surveys have found that more than half of young people also have serious misconceptions about HIV/AIDS, one of the most common being that they do not know that a healthy-looking person could be infected.

Because there is no cure for AIDS, prevention is of utmost importance. But millions of young people do not know how to protect themselves against the disease. The needs of the hour are creation of awareness and a focus on other preventive measures. Due to a mix of biological and social factors, adolescent girls are at particularly high risk of AIDS. In countries with high HIV prevalence, young
women with little or no education – those without much power in society – face the greatest risk of infection. In many parts of Africa, teenage girls are five to six times more likely to be infected by the HIV virus than boys their age. New HIV infections are disproportionately concentrated among poor and illiterate adolescent women.

This killer disease has had terrible consequences for children as well. AIDS has orphaned millions of children and the number of orphans is expected to grow over the next decade as HIV-infected parents become ill and die. Around 15 million children under 15 had lost one or both parents to AIDS by the end of 2003 in countries in Africa, Asia, and Latin American and the Caribbean. That number is projected to nearly double by 2010. Between 1990 and 2003, the number of children in sub-Saharan Africa who lost one or both parents to AIDS increased from less than one million to more than 12 million.

Turning next to malaria, it is endemic in the poorest countries, mainly those in tropical and subtropical regions of Africa, Asia and the Americas. It is also both preventable and curable. Still, an estimated 300 to 500 million clinical malaria cases and more than one million deaths from malaria occur each year. More that 90 per cent of these deaths occur in sub-Saharan Africa, almost all of them among children under five years of age. Currently over 3 billion people are at risk of contracting malaria. Infants, pregnant women and their unborn children are also at particular risk, which can lead to prenatal mortality, low-birth weight babies and maternal anaemia. As with AIDS, malaria preys on the poor and makes their situation even more perilous.

Another serious disease, once thought defeated, has staged a comeback: tuberculosis (TB). In 2003, there were an estimated 8.8 million new cases of TB, including a million people infected with HIV. That same year, tuberculosis killed 1.7 million people, including 230,000 with HIV infection. The poor are most at risk for reasons including lack of treatment, which means that the disease keeps spreading in poor countries; and malnutrition, which compromises people’s ability to fight off the infection. Most of the deaths associated with TB occur during an adult’s most productive years – between the ages of 15 and 54. Regional analysis shows an increase in sub-Saharan Africa, South-Eastern Asia, Oceania and Southern Asia.

Overall, the goal of turning back AIDS and other infectious diseases by 2015 is a daunting one. But it can be achieved. Thailand has demonstrated what is possible in the case of HIV/AIDS with strong political commitment and the full and active participation of civil society and the private sector. Similar determined and well-targeted programmes can succeed elsewhere. Much of the effort will have to go into education and political advocacy, along with community mobilization.

1.2.7 Goal 7: Ensure Environmental Sustainability

Reversing the loss of environmental resources, including forests, biological diversity and the earth’s ozone layer, are among the targets for MDG 7, along with provision of safe water, adequate sanitation and decent, affordable housing for the world’s poor. The target is to integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources. One of the most complex and important tasks for the future of the planet is to protect and sustain the natural environment. Although rapid industrial development and economic growth has brought many benefits, it has also put the environment under increasing strain. Deforestation and pollution from industry, agriculture, domestic wood burning and human waste are creating increasingly hazardous living conditions. One of the most visible signs of environmental degradation is deforestation, a result of gathering fuel wood, commercial logging and shifting cultivation. This not only depletes a critical natural resource, it also has many other effects, including soil erosion, flooding, mudslides and reductions in biodiversity, as well as undermining the livelihoods of millions of poor people.

In the year 2000, total forest area amounted to 3.9 billion hectares, or about 20 per cent of the world’s land area (see Table A1.8). About half of the forests are in the tropics and sub-tropics, and the other half in temperate and boreal ecological zones. During the 1990s, the world lost four per cent of its natural forests but gained 1.8 per cent through natural expansion and the establishment of planted forests. This resulted in a net reduction of 2.2 per cent over the ten-year period. The estimated net loss of forested area during the decade was 940,000 square kilometres – an area the size of Venezuela.
One of the other concerns in maintaining environmental sustainability is the efficient use of energy. Many countries in both developed and developing regions have made progress in using commercial energy more efficiently and thereby reducing the intensity of its use. However, the gap between developed and developing countries in energy use and efficiency persists, mainly due to the lack of access to affordable modern energy services in poorer countries. Curbing greenhouse gas emissions is another issue. Carbon dioxide emissions are the main source of the climate warming trend known as the “greenhouse effect,” from which the repercussions could include rising sea waters, more frequent and intense storms, the extinction of species, worsening droughts and crop failures. Concern over global warming led in 1997 to the Kyoto Protocol, which called for reductions in carbon dioxide emissions. Though heralded by its proponents as a landmark agreement to mitigate climate change, the protocol has not yet been signed by the United States, the world’s largest producer of greenhouse gases.

The tenth target of the MDGs is to halve the proportion of people without sustainable access to safe drinking water and basic sanitation by 2015. Access to safe drinking water and basic sanitation is an indispensable component of primary health care and a precondition for success in the fight against poverty, hunger, child deaths and in achieving gender equality. In 2002, 83 per cent of the world’s population used improved drinking water sources, up from an estimated 77 per cent in 1990. The region with the greatest progress was Southern Asia, with most of the increase attributable to India. Progress was also significant in sub-Saharan Africa. However, coverage there remains low, at 58 per cent (see Table A1.1).

In spite of progress in all regions, there are still 1.1 billion people in the world using potentially unsafe water supplies. Nearly two-thirds live in Asia, with almost 300 million in China alone. Globally, achieving the target on improved water supply means that, by 2015, the percentage of the world’s population using improved water sources will have to decrease to 11.5 per cent. Because of population growth, this means that 6.4 billion people will need to be covered, up from the current 5.2 billion. Access will need to be provided to an additional 1.2 billion people – the equivalent of establishing new water supply services for about 300,000 people every day until 2015 (UNDESA [2005]).

Lack of sanitation is another major public health problem throughout the developing world. In 2002, 2.6 billion people were without adequate sanitation facilities. Though estimates indicate some progress in most of the developing regions during the last decade, sanitation coverage remains low. In Southern Asia, for instance, in spite of an 85 per cent increase over that period, almost two-thirds of the population still lacks access to improved sanitation. The proportion of African people enjoying access to adequate sanitation (both in urban and rural areas) has remained essentially the same during the last 10 years. Roughly an additional 400 million, both in urban and rural areas, will need to gain access to sanitation to meet the 2015 goals. This represents a rate of progress about four times higher than in the preceding decade (UNDP/UNICEF [2002]).

Another MDG target is to achieve by 2020 a significant improvement in the lives of at least 100 million slum dwellers. Slum dwellers lack one or more of the basic services like adequate water, sanitation, durable housing, adequate living space and security of tenure. In an urban setting, the lack of adequate water and sanitation often results from overcrowding. Disease, mortality and unemployment rates are much higher in slums than in other areas of cities and towns. The mortality and morbidity rates of children under five in slum areas often equal or exceed those found in rural areas.

There were 924 million slum dwellers worldwide in 2001 (UNDESA [2005]). More than 200 million new slum dwellers were added to the world’s cities in the decade between 1990 and 2001 – a 28 per cent increase over the period. Despite the growth of slum populations, the overall proportion of slum dwellers within cities declined from 47 to 43 per cent (see Table A1.8). The greatest reductions were in Northern Africa and South-Eastern Asia. In other developing regions, the share of slum dwellers either remained the same or changed only marginally. The largest percentage of slum dwellers is in sub-Saharan Africa, where almost three quarters of the urban population lives in slums. Southern Asia hosts the largest population of slum dwellers – over 250 million in 2001.

Rapid urbanization, civil strife, and unfavourable terms of trade between cash crops and industrial products will continue to draw poor peasants and refugees into cities. Nevertheless, the proportion of slum dwellers in the urban population has decreased in all sub-regions of Asia as a result of successful programmes. In the Republic of Korea, for instance, supplying mass low-cost housing to
new urban settlers has yielded positive results. In China a policy emphasizing urbanization, population control and high economic growth, accompanied by measures directed to the urban poor, contributed to fewer people living in slums. However, because of the size of its population, Asia will continue to host the majority of world’s slum dwellers for years to come.

1.2.8 Goal 8: A Global Partnership for Development

The seven MDGs discussed above cannot be achieved until and unless an effective and meaningful partnership exists between the developed and the developing countries. Therefore, Millennium Goal 8 calls for more official development assistance (ODA); measures to ensure debt sustainability in the long term; an open equitable, rule-based, predictable and non-discriminatory multilateral trading and financial system; and measures to address the special needs of least developed countries, landlocked nations and SIDS. A meaningful partnership between rich and poor countries must also address issues of access to technology and jobs for growing developing countries populations.

For the achievement of this goal, unlike the other seven, the onus is directly on the governments of the developed countries. Tracing the trend in ODA, in the 1970s, the United Nations General Assembly proposed an ODA target of 0.7 per cent of donors’ national income. For many years after that proposal was made, the collective contributions of members of the Development Assistance Committee (DAC) of the Organization for Economic Co-operation and Development (OECD) hovered around half this level. But during the 1990s, it fell by about one third. From 2002, however, aid flows began to recover as donors started to deliver on commitments made in connection with the Monterrey Conference. In 2004, it reached a record high of $79 billion. Full delivery of Monterrey-related commitments would result in an increase in ODA by a further $20 billion. So far, only five donors – Denmark, Luxembourg, Netherlands, Norway and Sweden – have achieved the longstanding United Nations aid target of 0.7 per cent of gross national income.

Within their total aid packages, developed countries agreed to provide at least 0.15 - 0.20 per cent of their gross national income to assist the 50 least developed countries (LDCs). Even though they account for only 14 per cent of the developing world’s population, LDCs now receive about one third of all aid flows. But given the backlog in their development needs even this is still not enough.

Prospects for achieving the MDGs depend in large measure on the extent to which developing countries can increase their participation in the global economy. This is underscored by the fact that slow or declining growth performance is associated with a combination of trade-related factors: stagnant or declining export earnings, export concentration in primary commodities, rising oil prices, falling terms of trade, rising debt service payments and severe balance of payments problems. Owing to the small size of the markets of most developing countries, increasing external trade from a diversified export base is essential to gain high rates of economic growth. Also, it is important that the main barriers to their exports – tariffs/taxes imposed by developed countries on imports from developing countries and subsidies that developed countries provide to domestic agricultural producers – be removed.

Some progress in removing trade barriers for developing countries has been made in recent years. These include efforts by some developed countries, like those in the European Union, Australia, Canada, Japan, Norway and Switzerland to open up their markets to goods from LDCs. But developed countries’ tariffs remain high on goods that are strategically important to developing economies, such as textiles, clothing and farm products. The decline over time has only been marginal. Further, subsidies to producers in developed countries enable them to sell their output at significantly lower prices than would otherwise be the case, to the disadvantage of producers from developing countries.

The continuing heavy debt burden of developing countries is another important constraint to their achievement of the MDGs. At the end of 2000, for instance, Africa’s total debt stock was estimated at $206 billion, up from $177 billion in 1990. Close to 60 per cent of it is owed to bilateral creditors, much of it in non-concessional form. On average, the ratio of the region’s total external debt to its export of goods and services stood at 180 per cent in 2000, while the ratio to GNP was 66 per cent. A significant number of countries face much worse debt ratios. As a result, many countries spend more on debt servicing – sometimes three to five times more – than on basic social services.

The major current international effort targeted specifically at improving developing countries’ debt sustainability is the Heavily Indebted Poor Countries (HIPC) Initiative. There are 38 countries
considered likely to be eligible for assistance under the enhanced HIPC Initiative. Almost all are in sub-Saharan Africa. By April 2005, 27 countries were receiving debt relief under the Initiative. Eighteen of these countries had reached the “completion point” and were receiving irrevocable debt relief. For other developing countries, not covered by the Initiative, there is little international effort to reduce their debt burden.

In conclusion, the overall progress made so far on achieving the MDGs presents a sobering picture: few regions and few countries within each region will meet all the goals, and some may meet none of them at all. The majority of the countries will fall in between, meeting some goals but not others. Tragically, if Goal 8, the global partnership for development, is not met, most of the other goals will also not be achieved. The UN Human Development Report, 2005, projects the human cost of not attaining the MDGs in 2015. Overall, if the goals are not met, there will be an extra 380 million people living in extreme poverty; 230 million more people will remain hungry; an additional 47 million children will be out of primary school; the gender parity in school enrolment will worsen, with an additional six million girls denied primary education; there will be more than four million deaths of children under five years of age; an additional 210 million people will be deprived of clean water; and another two billion will lack access to improved sanitation. As expected, the bulk of the incidence of this high human cost will be in sub-Saharan Africa, followed by Southern Asia (see Table 1.2).

### Table 1.2 Projections of the Human Costs of Not Attaining the MDGs — 2015

<table>
<thead>
<tr>
<th></th>
<th>People Living in Poverty</th>
<th>Primary School-Age Children out of School</th>
<th>Additional Primary School-Age Girls out of School</th>
<th>Deaths of Children Under 5 Years Old</th>
<th>People Without Clean Water</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sub-Saharan Africa</td>
<td>219</td>
<td>19</td>
<td>3.8</td>
<td>3.0</td>
<td>80</td>
</tr>
<tr>
<td>Arab States</td>
<td>8</td>
<td>6</td>
<td>2.5</td>
<td>0.3</td>
<td>6.7</td>
</tr>
<tr>
<td>Eastern Asia and the Pacific</td>
<td>8</td>
<td>11</td>
<td>0.7</td>
<td>0.3</td>
<td>14.6</td>
</tr>
<tr>
<td>Southern Asia</td>
<td>101</td>
<td>4</td>
<td>0.0</td>
<td>0.8</td>
<td>103.6</td>
</tr>
<tr>
<td>Latin America &amp; the Caribbean</td>
<td>44</td>
<td>1</td>
<td>1.1</td>
<td>0.0</td>
<td>4.9</td>
</tr>
<tr>
<td>Developing Countries</td>
<td>380</td>
<td>47</td>
<td>6.0</td>
<td>4.4</td>
<td>209.9</td>
</tr>
</tbody>
</table>


### 1.3 Causes of the Shortfall in Achieving the MDGs

The Millennium Project Report (UN [2005]) has identified four overarching reasons – lack of economic growth, inequality in the distribution of income, governance failures and policy neglect – for failure to achieve the MDGs. Trends up to 2005 indicate that there are four types of regions with regard to progress on the MDGs:

(i) **Fast growing, with significant progress on MDGs:** The best example of such a region is Eastern Asia. This is the fastest growing region in the world, with annual growth in per capita income approaching six per cent from 1990 to 2004. The target for reducing poverty has been met and substantial strides have been made in the areas of education, health and environmental sustainability.

(ii) **Fast growing, but limited progress on MDGs:** This is the case with Southern Asia, the second fastest growing region in the world, with per capita income growth of 3½ per cent per annum. It is barely on track in terms of achieving the poverty reduction target, but is falling behind in achieving most of the other targets. Despite relatively fast growth, why has this region failed to do better on the MDGs? The answer probably lies in three other factors: first, that the growth has not been pro-poor; second, that the MDGs may not be high on the policy agenda; and third, that there may be significant failures in delivering services, especially those related to the achievement of the MDGs.

(iii) **Slow growing, but significant progress on MDGs:** Two regions – Latin America and the Caribbean and North Africa and Western Asia exhibit this pattern. During the period 1990 to 2004, both regions showed a growth rate in per capita income of only about one per cent. It is not surprising, therefore, that they are somewhat off-track in meeting the poverty target. But both regions are well on the way to achieving the targets on primary education, gender equality and child mortality. On top of this, Latin America and the Caribbean has reduced
the incidence of malnutrition, while North Africa and West Asia has made significant improvements in the lives of urban dwellers, the only region in the world to have done so.

What explains the apparently greater progress of these regions on the MDGs despite the absence of fast growth? Is it because, whatever modest growth has been achieved has been more pro-poor in character, such that the incidence of poverty has remained low? Or is it because of favourable initial conditions as represented by a relatively high level of human development in 1990, especially in the Latin American context? Are there any elements of good governance in these regions that explain their better performance on the MDGs?

(iv) **Slow growing and little progress on the MDGs:** Two regions of the world fall into this category – Europe and Central Asia and sub-Saharan Africa. Per capita income has remained stagnant in the latter region for the last one and a half decades, while there has only been a marginal improvement in the former region. Consequently, there has been a visible increase in the incidence of poverty in both regions. On present trends, sub-Saharan Africa is unlikely to achieve any of the MDG targets.

Europe and Central Asia on the whole had very high levels of human development in the early 90s. This implies that the potential benefits of high human development can only be realized in the presence of a growing economy and expanding employment opportunities. On top of this, the question arises, especially in the sub-Saharan African context: Is the lack of growth and absence of progress on MDGs a result of the high level of conflict and the resulting problems of governance in the region?

We attempt a tentative answer to the above questions by undertaking an empirical analysis of the type described below.

The first step in the analysis is to construct an overall measure of the progress in achieving the MDGs (specifically the 11 targets highlighted in Box 1.3). Technical Annex 1 gives the methodology used for constructing such a measure. The value of the index ranges from -1 to +1. If a region is on track to achieving all 11 targets then the index has the maximum value of 1. On the other hand, if there is deterioration and movement in the wrong direction in all 11 indicators then the index has the minimum value of -1.

According to the results above, there has been some progress in achieving the MDGs in four regions – Eastern Asia and the Pacific, Latin America and the Caribbean, North Africa and Western Asia and Southern Asia. The situation has deteriorated in two regions – Europe and Central Asia and sub-Saharan Africa.

The best performing region, Eastern Asia and the Pacific, has an index value of 0.344 (Box 1.4). As shown in Box 1.3, North Eastern Asia is on track in five indicators while South Eastern Asia is on track in one indicator. Despite an extraordinarily fast economic growth rate, the region has not been able to show a high rate of achievement with regard to the MDGs.

The lowest value of the index of progress on the MDGs is in the case of sub-Saharan Africa, with a value of -0.571. The region has shown deterioration in as many as six out of the 11 indicators, and is off track in the remaining five. There will have to be a dramatic reversal of trends if the region is to have any chance of coming closer to achieving the MDGs by 2015.

The next step is to find the correlation of the index of progress with indicators of the rate of economic growth, the extent of pro-poor growth and the quality of governance. Governance is seen broadly, in two dimensions – economic and political. The following sources have been used to get an assessment of the quality of governance in different regions:

**Public Institutions Index:** This index is one of the components of the overall index of growth competitiveness derived by the World Economic Forum for 117 countries in 2005. The index has two parts – relating to contracts and law, and to corruption, respectively. The first part relates to independence of the judiciary, legal protection for private property and fairness in bidding for public contracts. The corruption sub-index focuses on the extent of bribery in import and export permits,
connection to public utilities and payment of taxes. Therefore, this index focuses on the quality of economic institutions and the extent to which they facilitate investment and growth.

**Freedom Index:** This index is prepared by Freedom House and published in the annual survey of *Freedom in the World*. The rankings for 2005 have been used in the analysis, with ranking given for 192 countries. The index has two components – political rights and civil liberties. Surveys are undertaken in each country. The state of political rights involves an assessment of the ability of people to participate in the political process including the right to vote, compete for office and elect representatives. Civil liberties are seen in terms of the freedom of expression and belief, associational and organizational rights, rule of law, and personal autonomy without interference from the state.

**Political Indicators:** These have been derived from the failed states index (FSI) of the Fund for Peace. The FSI scores have been given for 146 countries as of 2006. The overall FSI has three components – social indicators, economic indicators and political indicators. The focus here is on the six political indicators as follows:
- progressive deterioration of public services
- criminalization and/or delegitimization of the state
- suspension or arbitrary application of the rule of law and violation of human rights
- security apparatus as a “state within a state”
- rise of factionalized elites
- intervention of other states or external political actors

**Corruption Perceptions Index:** This is a survey-based index constructed by Transparency International. Rankings given for 159 countries in 2005 are used. The index measures the overall extent of corruption in the public and political sectors.

Scores obtained by individual countries in a region are aggregated on the basis of population weights to give the regional scores.

A number of caveats are in order with regard to the use of these indicators of the quality of economic or political institutions. The first is that many of the rankings are subjective in character, based on small surveys of respondents in different countries, and may highlight perceptions more than reality. The weighting schemes for merging different indicators into one composite indicator can also be considered arbitrary.

The second problem is that if these indicators of governance are to be used to explain the rate of progress on the MDGs then information is required on the evolution of governance from 1990 to 2004. But reliance has been placed in the analysis only on the most recent rankings. This can introduce significant biases in the analysis.

There is a need, therefore, to emphasize that the analysis undertaken here of the relationship between the progress on MDGs and the quality of governance at the regional level is only tentative and broadly indicative in character. The results must thus be interpreted with caution.

Table 1.3 gives the ranking of different regions with respect to economic indicators. As highlighted earlier, there is a high correlation between progress on MDGs and the rate of growth of GDP per capita. There is some volatility in intermediate rankings. For example, Southern Asia is the second fastest growing region but is ranked fourth in progress on MDGs. Also, the importance of pro-poor growth emerges from the analysis.
Rankings of different regions on the governance indicators are highlighted in Table 1.4. Broadly, the conclusion is that the rate of progress on the MDGs is influenced more by the quality of economic institutions. The importance, in particular, of corruption emerges strongly from the analysis. Broadly speaking, improving performance with respect to the MDGs will require focus on the following in different regions:

**Eastern Asia and the Pacific:** need to focus on the strengthening of political institutions and on freedom and liberty.

**Europe and Central Asia:** emphasis on achieving higher economic growth and for making such growth more pro-poor; need for upgrading the quality of economic institutions.

**Latin America and Caribbean:** need to augment the overall rate of economic growth.

**Middle East and North Africa:** augmentation of the overall rate of economic growth and on political institutions, especially for greater freedom and liberty.

**Southern Asia:** priority should be on more pro-poor growth and on the containment of corruption in particular, and on the general strengthening of economic institutions.

**Sub-Saharan Africa:** the fundamental emphasis has to be on arresting the economic decline and on management of post-conflict situations; need for broad-based institutional development.
Chapter 2

Good Governance and MDGs:
A Conceptual Framework

“To reaffirm that good governance is essential for sustainable development; that sound economic policies, solid democratic institutions responsive to the needs of the people and improved infrastructure are the basis for sustained economic growth, poverty eradication and employment creation; and that freedom, peace and security, domestic stability, respect for human rights, including the right to development, the rule of law, gender equality and market-oriented policies and an overall commitment to just and democratic societies are also essential and mutually reinforcing.”

—UN General Assembly 2005 World Summit Outcome

There are many reasons as to why economic development continues to bypass many of the world’s poorest people and places. One common cause, as demonstrated in the earlier chapter, is poor governance. When governance is characterized by lack of transparency, accountability or competence, the people suffer. When income inequality is high, the state is frequently captured by the ruling elite, which expropriates most of the resources; the poor do not have a “voice” and are neglected. Similarly, if governments fail to invest adequately in the health and education of their people, economic growth will eventually taper off because of the lack of development of human capital. Without sound governance no country can expect to make sustained progress in human development and poverty reduction.

Achievement of the MDGs requires a conducive policy framework, sufficient resources and institutional capacity. All these are critical economic and political governance issues, and hence the achievement of the MDGs is crucially linked to good governance. As illustrated in Box 2.1, achieving MDGs requires promoting growth, in particular pro-poor growth, and accountability and transparency. These are the prime objectives of economic governance. Political governance, besides improving accountability and transparency, aims at empowerment of the people, particularly the vulnerable, their participation in decisions of the state and enhanced access—particularly of the marginalized. However, to establish the importance of governance in the achievement of MDGs, there is need to examine in more detail the linkage between the goals and governance.

2.1 The Indirect Linkages

Linkage between governance and MDGs is of two types: indirect linkage via growth and a direct link between each MDG and certain elements of
governance. At a broader level, almost every dimension of governance is highly correlated with income, which is required to finance both public and private investments and recurring outlays needed to achieve the MDGs. Better economic governance can lead to higher economic growth as a result of more efficient division of labour, more productive investments, lower transaction costs, and faster implementation of proper social and economic policies. A high level of human capital – a competent, trained, well-functioning and adequately paid civil service and judiciary along with proper information technology, open and transparent public institutions, a literate civil society to better act as “watchdog” of public sector activities, and extensive participation in decision making and other stages of development – contribute to improved institutions, which, in turn, ensure that proper policies are made and their implementation monitored.

Kaufmann and Kraay (2003), while exploring the causality of the positive relationship between governance and growth, discover a negative feedback from higher per capita income to governance. This implies that good governance leads to higher growth but not vice versa. Their findings have two important implications. First, the strategy of waiting for improvements in governance to come automatically as countries become richer is unlikely to succeed. Second, we are unlikely to observe a “virtuous circle” of better governance improving incomes and this in turn leading to further automatic improvement of positive and sustained interventions to improve governance in countries where these are lacking. Indeed the fact the good governance is not a “luxury good” that a country automatically acquires when it becomes wealthier means in practical terms that leaders, policy-makers and civil society need to work hard and continuously at improving governance within their countries.

While good governance can contribute to economic growth and, conversely, bad governance can impede it, governance itself can be improved by investing in factors (like education and health) that support economic growth and human capital accumulation. As such, achievement of MDGs can potentially lead to high growth and improved governance through improved human capital accumulation (see Box 2.2). This underscores the importance of a broad-based strategy to meet the MDGs, directly through good governance practices and indirectly through investments in human capital, public sector management, and infrastructure.

2.2 The Direct Linkages

A closer look at the MDGs immediately highlights the connection with issues of governance at the global, national and local levels (see Box 2.3). At the global level, for instance Goal 8 on developing a global partnership for development is a direct governance concern. Issues of an open, rule-based, predictable, non-discriminatory trading and financial system, addressing the special needs of least developed, landlocked and small island countries, dealing comprehensively with developing countries’ debt problems, or enhancing the say of small developing countries in the international arena are linked to global governance in terms of rules, modalities and structures (Jehan [2004]).

The global governance aspect of the MDGs is also relevant with regard to resources needed to achieve the other seven goals. Developing countries do not have the necessary financial and
technical domestic resources to achieve the MDGs, whether these are halving extreme poverty and hunger, achieving universal primary education, or reducing child mortality and improving maternal health. They need resources from the developed countries. How such resources would be mobilized and distributed among needy nations, and what would be the respective responsibilities of the donors and the recipients are issues of global governance. Thus the rules, structures and mechanisms for mobilizing external assistance for achieving the MDGs are linked to global governance.

At the national and local level, bringing about any change, like achieving the MDGs, requires a conducive policy environment, adequate resources and an enabling institutional framework. These elements subsume the critical dimensions of good governance, which may be categorized as a pro-poor policy framework, public administration and civil services, and decentralization and delivery of services. The cross-cutting dimensions include accountability and transparency, rule of law, human rights and the role of civil society (see Box 2.4).

Pro-poor Policy Framework: A critical prerequisite for achieving the goals is a conducive policy framework. The first task is the contextualization of MDGs by each country. Mongolia, for example, has further expanded the MDGs to include an MDG 9 focusing on strengthening human rights and fostering democratic governance. Viet Nam feels that the MDG target for secondary enrolment needs to be enlarged to universal enrolment. The next step is to localize the MDGs from the national to the sub-national level. This is followed by prioritizing the MDGs in terms of focus, sequencing and timing to reflect local priorities and needs, and formulating a pro-poor development strategy in line with national/local realities and constraints. Such strategies must focus on both the short and the long run, building on and maximizing synergies among MDGs.

The next stage is to operationalize the MDGs, based on the national development strategy, through the preparation of a macroeconomic framework and sectoral targets. Selection and efficient implementation of the right policy mix is an important issue for many developing countries. For example, poverty reduction will require macroeconomic policies to promote growth, maintain stability and generate employment; sectoral policies for the development of key sectors (especially agriculture and rural development); and targeted policies, including social safety nets like micro-credit for women and school nutrition programmes for children.

The choice of the institutional framework for the formulation and implementation of policies is also important. Which institutional arrangements are most appropriate for delivery (national or sub-national governments, public-private partnership, non-governmental organizations, etc.) has to be decided and policies to develop and strengthen them evolved to ensure efficiency and sustainability. Public awareness campaigns have to be launched to create support for policies, mobilize resources and forge partnerships for implementation.

An important policy area is the creation of an enabling environment to promote and strengthen the role of the private sector in the achievement of MDGs. Its role, in poverty reduction in particular, is substantial, involving the production of affordable products and services, generating income and investment, creating jobs, developing human resources, spreading responsible international business standards and practices, supporting technological development and transfer, and establishing physical infrastructure. In addition, the private sector can also contribute by undertaking social investment and philanthropic activities; mobilizing core competencies and resources to strengthen local communities by supporting education, training and capacity building, and micro-credit programmes etc.; and through policy dialogue and advocacy activities.

Public Administration and Civil Services: The achievement of MDGs requires properly trained and skilled civil services and properly managed public administration systems to: develop and formulate specific strategies and policies; coordinate debate and dialogue with development partners and civil
society; ensure participation from all sections of the population; organize databases and the
information and analysis necessary for decision making; deliver services efficiently and cost
effectively; forge partnerships; improve coordination; develop a regulatory framework for development
partners; design incentives to improve motivation and performance of staff members; and organize
training/capacity enhancement programmes.

Also, competent and efficient public institutions and administrative structures are required to mobilize
adequate resources to finance the MDGs. This may be done by internal sources (through more
efficient tax administration, curbing of corruption and improved expenditure management) or external
sources (through negotiations and coordination with international financial institutions and bi-lateral
donor agencies, or debt deals with bilateral/multilateral donor agencies or trading partners like the
World Trade Organization). Likewise, proper monitoring and tracking of progress towards the goals
requires benchmark surveys, data collection and evaluation. Capacities are needed for undertaking
these activities credibly and effectively.

Decentralization and Delivery of Services: Ultimately, most services can be delivered locally under the
subsidiarity principle and should work best if they are under democratic local control. One way of
achieving this is to decentralize authority of service provision to the lowest possible level of
government. Some elements of good governance in the area of decentralization and delivery of
services include: increasing awareness and creating political will; mobilizing local communities;
localizing national goals, strategies and policies so that they are need-based and responsive;
enhancing local participation and inclusion (particularly of the marginalized sections of local
communities) in policy making, monitoring and evaluation and impact assessment; empowering
people and giving them voice. Simultaneously, there is a need to increase the flow of information and
ensure openness of decision making and transparency to check both corruption and capture by elites.

Decentralization has certain inherent advantages. Being close to the clients/beneficiaries, needs
assessment is easier, as is assessment of capacity development needs, mobilizing local financial,
human and material (in kind) resources and collaborating with and developing partnerships with local
community organizations. Developing meaningful strategies to improve accessibility and equity in
service provision and making service provision more cost effective and efficient by minimizing costs
(including opportunity costs) and removing economic, socio-cultural and legal barriers (like
affordability, gender discrimination) are also likely to be more meaningful and cognizant of local
realities and aspirations. Closer monitoring of service delivery, performance of staff and use of
resources, along with innovations in provision and maintenance of services, and in the resolution of
issues is likely to ensure service efficacy, efficiency, cost effectiveness and sustainability.

Accountability and Transparency: Promoting accountability and transparency is another dimension of
sound governance. Raising awareness of rights and obligations at the public level through
dissemination of information and analysis is an essential component of the strategy to achieve MDGs.
This, of course, requires political and bureaucratic will to open access to and a flow of information.
Strong civil society institutions like the media and think tanks are required to facilitate this. Since
MDGs principally target the poor and the marginalized, effective improvement will not be achieved
until and unless these groups are meaningfully involved in the debate, dialogue, policy making,
implementation and monitoring. Mechanisms will have to be devised to ensure that this happens.
Space will also have to be created for CSOs and their capacities strengthened to monitor the public
and private sector at all levels (global/national/local), and to check lack of adherence to the goals,
nepotism, corruption and elite capture. Equally important is the establishment of institutions to
check/monitor the workings of public institutions and the exercise of power by different branches of
government in order to reduce arbitrariness in decision making and mismanagement of public funds.

Democratic governance is central to the achievement of MDGs, as it provides the "enabling
environment" necessary for their realization. Democratic governance is rooted in a political framework
that respects civil, political, economic, social and cultural rights. Effective participation requires civil
and political rights. Enhancement of human choices is predicated on the presence of basic economic,
social and political rights. Democratic governance is therefore based on values, norms and principles
of equity and non-discrimination, participation and inclusion, voice and empowerment, transparency
and accountability, and partnership and alliance building that are essential for the achievement of the
MDGs. Holding of free and fair elections and strengthening of truly responsive and representative
institutions is essential to enhance the legitimacy of government.
Accountability and transparency is required at the global level as well. It is important to ensure open, rule-based, predictable, non-discriminatory trading and financial systems and to ensure that the financial resources and capacities necessary to achieve the seven MDGs are mobilized at the global level.

**Rule of Law:** Rule of law is another critical dimension of sound governance. The establishment of institutional structures and mechanisms and clear accountability norms of the three branches of government – executive, legislative and judicial – are the first steps in establishing the rule of law. An independent judiciary, with adequate infrastructure, well-staffed courts and adequately trained lawyers and judges, along with an accountable bureaucracy and police force is essential to enforce laws and to ensure that all citizens are treated fairly. Anti-corruption bodies with effective codes of conduct and transparent procedures for procurement and contracts are essential to combat corruption and promote integrity in governance. An effective legal system is necessary to respect property rights, enforce contractual obligations to foster investment, reduce risks to investors, and enforce effective exchanges among parties and cut down transaction costs. Equally essential is protection from arbitrary government action – ranging from unpredictable, ad-hoc and discriminatory regulation to outright corruption.

**Human Rights:** Human rights are both an element of good governance and normative standards agreed to by the Member States that adopted the various UN conventions and declarations. A rights-based approach to development entails that the rights to education, shelter, and physical security, among others, are essential for people to fully utilize their capabilities and enjoy life with human dignity. It promotes a holistic approach to development – i.e. without economic and social rights, citizens cannot fully exercise their political, civil and cultural rights – and puts people at the centre of development. The implementation of a rights-based approach to development requires the integration of development planning with the human rights framework, as outlined in such conventions as the Convention on the Elimination of All Forms of Discrimination Against Women and the UN Universal Declaration of Human Rights. It requires the meaningful involvement of the marginalized sections of the population, women, the poor, refugees, minorities etc. in debate and dialogue for development, inclusion and participation of all in policy making and monitoring, and equitable and non-discriminatory access to services, the application of accountability and the rule of law.

The direct linkages between human rights and the MDGs become more obvious when various Goals of the latter are compared with Articles 25 and 26 of the Universal Declaration of Human Rights (UDHR):

- Article 25 of the UDHR states, “Everyone has the right to a standard of living adequate for the health and the well-being of himself and his family, including food, clothing, housing, medical care and necessary social services …” Mothers and children are entitled to special care and assistance. It is clear from Box 1.2 that the goals of halving extreme poverty and hunger, reducing child mortality, improving maternal health, and halving the proportion of people without access to safe water can directly be related to this Article.

- Similarly, Article 26 of the UDHR states, “Everyone has the right to education. Education shall be free, at least in the elementary and fundamental stages. Elementary education should be compulsory …” Goal 2 of the MDGs, on achieving universal primary education, is directly linked to this Article of the UDHR. In addition, when this Article is combined with the principle of non-discrimination in the UDHR, we have MDG 4 – promoting gender equality in education and empowering women.

- Furthermore, Article 28 of the UDHR highlights the need for a social and international order that helps realize the rights set forth in the Declaration. MDG 8 is geared towards building such a world order.

**The Role of Civil Society:** The final dimension of sound governance is the relationship between the government and civil society. CSOs play an important role in the articulation of different views, the monitoring and evaluation of government policies and programmes, and mobilization of local resources and expertise to meet local and community-based needs. A vibrant civil society with adequate capacity is central to achieving the MDGs. It can contribute through advocacy and creating awareness, social mobilization of specific groups, empowerment of communities through enabling their participation in policy making, livelihood programmes, training, relief and rehabilitation and the mobilization of financial and human resources. In addition, CSOs can become partners in
development by undertaking the delivery of services such as water and sanitation, primary health care, education, environmental protection and urban and rural shelter. Here, they can also innovate and replicate good practices, thereby improving service quality, expanding coverage and making provision cost effective. Very importantly, civil society can play a “watchdog” role to monitor public institutions and governments, generally, and in tracking progress on MDGs at the local, national and global level. More specifically, global civil society has emerged as an influential advocate of debt relief, fair trade practices between developed and developing countries and increased foreign aid from developed countries.

Relationship between Dimensions of Governance and the MDGs
Box 2.5 gives the matrix of relationships between the various dimensions of good governance and MDGs. It presents a subjective indication of which dimension of good governance is, relatively speaking, more important for a particular MDG. The purpose of the exercise is to demonstrate the area of focus for each MDG as governance is a vast and complex area and meaningful improvement cannot be achieved in every dimension simultaneously. The question is of prioritizing, timing and sequencing.

<table>
<thead>
<tr>
<th>Goal</th>
<th>Framework for Pro-Poor Policies</th>
<th>Public Admin. and Civil Services</th>
<th>Decentralization and Delivery of Services</th>
<th>Accountability and Transparency</th>
<th>Rule of Law</th>
<th>Human Rights</th>
<th>Civil Society</th>
<th>Summary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goal 1: Eradicate Extreme Poverty and Hunger</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Goal 2: Education</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Goal 3: Gender</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Goal 4: Child Mortality</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Goal 5: Maternal Mortality</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Goal 6: HIV/AIDS &amp; Diseases</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Goal 7: Environmental Sustainability</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Goal 8: Partnership for Development</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
</tbody>
</table>

In the case of Goal 1, eradication of extreme poverty and hunger, what is required is a sound framework of growth-promoting and pro-poor policies, efficient and meaningful decentralization and improvements in delivery of services, enhanced accountability and transparency, a framework of human rights and a vigilant and aware civil society. Given the overarching nature of this goal—which broadly encompasses the other five national goals—improvement in all dimensions of governance is an important prerequisite. This is consistent with our finding, stated in the previous chapter, that there is a high correlation between economic governance—appropriate policy choices, the quality of public institutions, a conducive enabling environment, accountability—and achievement of MDGs. For Goal 2, universal primary education, attaching priority to the sector’s development, designing conducive policy interventions and effective implementation of policy through decentralization and improvements in delivery of services is required, along with involvement of stakeholders to improve accountability and transparency, and reforms in public administration and civil services to improve motivation and performance.

For Goal 3, to promote gender equality and empowerment of women, the essential first step is to recognize the importance of human rights, gender mainstreaming and laying down a policy framework conducive to removing gender-based discrimination. Since gender inequality is embedded in socio-cultural traditions and beliefs, changing mindsets and attitudes is imperative, which requires openness to acknowledge, debate and address the root causes of such inequalities. Along with social mobilization this calls for enhanced accountability and transparency. The role of civil society in
creating awareness, social mobilization and highlighting instances of discrimination is vital, as is rule of law and removal of legal barriers to women’s empowerment.

In the case of Goals 4 and 5, reduction of child mortality and improvement in maternal health, decentralization and improvement in service delivery based on correct policy choices and interventions is very important, along with improvement in public administration and civil services and enhanced transparency and accountability. Goal 6, combating HIV/AIDS, in the first instance requires recognition of the problem and removal of any stigma or discrimination against those infected by the disease. This requires a strong civil society to create awareness, help in removing discrimination, and spread knowledge about preventive measures. The latter is extremely important as the disease is incurable and the focus has to be on prevention. For Goal 7, concerning environmental sustainability, a focus on public administration, accountability and transparency, enforcement of the rule of law, and especially on the management of common resources are a necessity. For Goal 8, an appropriate global policy framework, accountability and transparency and civil society monitoring are of principal importance, along with development of public sector capacity for better absorption of aid and negotiation of debt, aid and trade deals.

On the whole, it appears that achieving the MDGs will require reform and strengthening of economic institutions in particular, either through effective decentralization and/or sector specific improvements in service delivery. Improved transparency and accountability, particularly combating corruption, along with appropriate frameworks for pro-poor policies and improved public administration and civil services are essential. Strengthening of cross-cutting dimensions such as human rights and the rule of law is also important, as is supporting the roles of civil society institutions.
Chapter 3  
**DIMENSIONS OF GOVERNANCE:  
KEY CHALLENGES**

“In recent decades major changes have taken place in our world. The progress in science and technology, together with widespread democratization, have shaped a new reality. As a result, new and unique development opportunities – as well as new challenges – are now opening up for us… The world has been shaped, and new actors have appeared on the international scene. This situation demands a new, rapid and continuous response by those of us who have a responsibility to govern. Facing this new reality calls for rethinking the concept of the state. We must redefine functions and capacities…”

—Vicente Fox, President, Republic of Mexico, 2003

While globalization has provided new opportunities for economic and social development to countries around the world, it has left behind millions of people who live in countries where governments have not adjusted their priorities and actions to the emerging demands. Developing countries in general, and countries in conflict, LDCs, SIDS and landlocked countries in particular, face key challenges in various aspects of governance. The previous chapter established the analytical linkage between MDGs and some core dimensions of good governance. As such, an understanding of these challenges is the first step towards their resolution and, in turn, the attainment of MDGs.

3.1 Framework for Pro-Poor Policies

The developing world is fraught with examples of good government intentions failing to achieve their required outcomes due to the absence of a proper and sound policy framework. This is illustrated by the effort of the United Republic of Tanzania to alleviate poverty. Though poverty reduction was a priority for the country almost since independence, initial efforts to reduce it failed, partly because of the lack of sound macroeconomic policies to ensure robust growth and stability (Wangwe [2005]). The early focus on expanding social programmes without attention to policies for economic growth and strengthening capacity and participation at the local level proved ill-fated. Despite initial gains in social infrastructure, the improvements were not sustainable. The shift from concerns about human development in the first policy episode (1967-1985) to a concentration on growth and efficiency in the second (1986-1995) went from one extreme to the other. Poverty reduction was neglected and little progress was made in this area. This experience suggests that there is a need to strike a balance between growth and poverty concerns and to face the challenge of pursuing poverty-reducing growth.

The key challenge is whether, and to what extent, growth will translate into poverty reduction. Two crucial issues arise here. The first relates to the sustainability of economic growth itself – whether high growth rates will continue. The second relates to whether this growth will translate into poverty reduction. This will depend on the sources of growth and how the gains from growth are distributed among households.

The first concern of policy must be to provide an enabling environment for growth, and to facilitate that of the private sector in particular. This will require policies for investment promotion, both domestic and foreign, and development of a regulatory framework and appropriate labour legislation. Policies in the financial sector to promote intermediation are of particular importance.

The poverty focus of macroeconomic policies calls for a framework that can capture some of the tradeoffs and distributional implications of these policies. Growth is pro-poor if it uses assets that the poor own, if it favours sectors in which the poor work and if it occurs in the areas where the poor live. This implies policies that emphasize agricultural and rural development, generation of employment opportunities, especially for unskilled workers, and public investments in the development of backward areas.

Macroeconomic policies should also be designed to contribute to enhancing the basic human capabilities of the poor. It has been argued that universal coverage of basic social services like education and good health care is essential to ensure equitable growth. Fiscal policy can play a crucial role in this area by allocating an adequate proportion of public expenditure for basic education and health services. Monetary policy can be made more pro-poor by channelling more credit to sectors like agriculture and promoting
development of small and medium-scale enterprises and micro-credit. Pro-poor trade policy would focus on providing incentives for the export of labour-intensive manufactures and providing some protection to small farmers to ensure food security and rural livelihoods.

A number of countries have been successful in promoting pro-poor policies, thereby ensuring that inequality does not worsen in the process of growth. For example the land and market reforms in China in the late 1970s and in Viet Nam in the late 1980s provided the basis for higher growth with substantial poverty reduction. Eastern Asian countries followed a successful strategy of export-led growth in labour-intensive manufactures, which rapidly expanded employment opportunities and raised real wages in the 1980s. Generally, one of the important lessons is that a better distribution of assets, especially land, human capital, financial capital and access to public assets such as rural infrastructure are key elements of pro-poor growth.

An important issue is the nature of political and economic institutions. Those in which policy making is transparent and participatory are more likely to promote the adoption of pro-poor policies. In many developing countries, there is hardly any open discussion or public discourse on various macroeconomic policy options and alternatives. Such policies seem to stay within the offices of the Ministry of Finance and Planning and the Central Bank. Similarly, external actors sometimes dominate the entire development agenda of a country, without any knowledge and involvement of its people or ownership of the government.

3.2 Public Administration and Civil Services

An efficient, responsive, transparent and accountable public administration is not only of paramount importance for the proper functioning of a nation, it is also the basic means through which government strategies to achieve the MDGs can be implemented. Recent global trends, with increased globalization, emphasis on the rights-based approach to development, decentralization and commitment to time-bound human development targets – the MDGs – have changed expectations from the state machinery and consequently the nature of public administration reforms (PARs).

In the 1980s and 1990s PARs sought primarily to roll back the state but now the requirement is for the state institutions to be democratic, efficient in the use of public resources, effective in delivering public goods, strong, and capable of standing up to powerful global forces. People want the state and its public administration to act as a social and economic promoter, capable of ensuring equitable distribution of and access to opportunities (political, economic, social and cultural). They also look to the state for sustainable management of resources, the fostering of dynamic partnerships with civil society and the private sector, enhancing social responsibility and ensuring broad participation of citizens in decision making and monitoring public service performance.

In general, however, public administrations in developing countries are unable to cope with the changing demands of rapidly evolving socio-economic and political global environments. Some of the major issues confronting them can be categorized as follows (Cheema [2005]):

Civil Service Reforms: Many of the public sector management issues relate to civil service reforms, defined broadly as reforms of the major functions and responsibilities of government or, more narrowly, as personnel issues including remuneration, the number of employees, performance appraisal, recruitment, selection, placement and promotion. Market-based approaches to civil service reform are likely to focus on short-term cost containment measures dealing primarily with payment and employment systems. The premise of such approaches usually is that structures, staffing levels, remuneration, job classification systems, and overall civil service costs are fundamental problems that need to be dealt with to ensure effective civil service reform.

There are many causes of civil service weakness in developing economies. First of all, governments are under tremendous pressure to provide employment and this often results in the overstaffing of government departments and semi-autonomous organizations. A second cause stems from favouritism in the recruitment process, leading to personnel with insufficient qualifications and experience sometimes being promoted to senior positions. Third, political and ethnic pressures make it difficult for the central civil service management agencies to take action against those performing at a sub par level. Fourth, the low salaries of personnel lead to low morale, fewer incentives to work, “moonlighting” and corruption. In each of these situations, there is a breakdown in government performance and the worst sufferers are the poor, who depend largely on public sector services.
**Leadership and Vision:** Good leadership and vision are essential if a government organization is to produce quality services. “Transformational” leaders are able to provide vision and direction to the organization, build consensus on strategy to operationalize the vision, identify clear ways to overcome environmental constraints, and energize and inspire staff to achieve organizational objectives. They encourage development and change, as opposed to control and status quo. One of the constraints on public sector management in developing countries has been a shortage of high-quality leadership in government organizations. Senior managers, due to factors in their socio-political environment, tend to be conservative, unwilling to take risks and inward-looking. The authoritarian nature of a national political system and its hierarchical controls discourage those who have the aptitude and desire to lead or question existing practices.

**Strategic Management:** The strategic management of organizations is another critical issue in public sector management capacity. It deals with the identification of the mission and purpose of the organization, its main policies and plans to achieve the mission, and activities affecting its products and services in the interest of stakeholders. The interdependence of mission, policies and activities can enable the organization to position itself within its environment, build an identity, and use its strengths to carve out a niche for itself.

**Human Resource Management and Training:** Another critical issue is human resource management, which includes organizational structure and culture, personnel selection and placement, training and development, job design, and performance appraisal. In many developing countries, human resource management continues to focus on administering rules and regulations instead of taking a proactive approach to improve performance. Recent success stories in human resource development are found in Malaysia and Singapore, where human resource management – a key pillar of reform efforts in both countries – was designed and implemented to meet the needs of the changing role of the state.

The shortage of skilled, well-trained managers is a major constraint to effective public sector management in developing economies. To respond to this problem, developing countries and external partners have invested a huge amount in management training and development. The important thing is to provide the type of training that can be effectively used in the socio-political environment prevailing in the country.

**Improving Service Delivery:** The need to improve the quality of and access to public services is another critical issue in public sector management. Recent experiments show that the quality management system used in the private sector can be successfully adapted to the public sector as well. Total Quality Management (TQM), a Japanese-inspired management practice, implies continuous improvement of products and service quality, a shorter and more reliable response time throughout the process of production, provision for sales and service, and constant concern about customers and efficiency. These principles are largely applicable, with modification, to all public sector organizations in all cultures.

**Revenue and Expenditure Management:** Revenue and expenditure management is another area of concern. More resources are available for use in expanding services if efficiency in service delivery is improved and provisions are made cost-effective. If there is increased transparency and less corruption, fewer scarce resources will be misdirected – and instead used for service provision. Likewise, improvement in tax administration and collection of user charges can help mobilize more resources to expand and improve service provision.

**Inter-organizational Relations:** There are a number of issues concerning inter-organizational and intergovernmental relations that significantly influence the performance of individual government organizations. One of the most important issues concerns central-local government allocation of responsibilities and relationships among ministries, parastatal organizations and state enterprises. In order to build effective partnerships among different levels of government, it is essential to streamline and clarify areas of primary and secondary responsibility for each level of government and administration. While the constitution in each country – whether federal or unitary – provides a list of principles on which these relationships are to be based, in actual practice the areas of responsibility need to be understood and acted upon by government functionaries at different levels. Clarification of the role of the state and the degree of autonomy of state enterprises is important for clear delineation of policy making and management functions. One of the problems in most government organizations – lack of coordination – usually emanates from a lack of clarity in the division of responsibilities.
Duplication and multiplicity in service provision, whereby more than one agency is involved in the provision of the same service, causes inefficiency and wastage in the use of public resources.

3.3 Decentralization and Delivery of Services

Delivery of basic services in developing countries is fraught with a number of challenges. First, not everyone can access public services, simply because of limited coverage. Education, health and water supply facilities may be located far away, making access very difficult if not impossible. This is particularly the case in rural areas. Also, women, in particular, suffer more because of lack of proximate services as they are the primary caregivers for the family and organizers of their households. Second, even if facilities are accessible, the quality of service may be so poor as to be practically non-existent – schools without teachers and supplies, health facilities without doctors/paramedics and medicines and water taps without water constitute familiar examples in most developing countries. Third, there may be barriers to access to services for some in society. These may be financial ( inability of the poor to afford to pay for services), legal (poor peoples’ lack of required legal documentation, e.g. birth certificate, residency certificate, work permit etc.), and socio-cultural (traditions inhibiting participation of women, migrants or people from a low caste). In response to these issues, governments need to rethink service provision. One possible roadway is to broaden the range of service providers by including the “non-governmental sector,” for example CSOs and the private sector, in service provision. Another is to decentralize service provision to lower tiers of government, thereby bringing both government and the provision of services closer to the people.

Over the last two decades many developing countries have started to devolve central government functions to local jurisdictions. This shift has occurred partly in response to political pressures for local autonomy, but also so that public services can be delivered more efficiently. It has been argued that decentralization improves governance and public service delivery by increasing:

- **Allocative efficiency** – through better matching of public services to local preferences.
- **Productive efficiency** – through increased accountability of local governments to citizens, fewer levels of bureaucracy, and better knowledge of local costs.

But decentralization has had mixed effects on public service delivery. Evidence suggests that the effectiveness of decentralized service delivery depends on the design of the decentralization programme and on the institutional arrangements governing its implementation. Specifically, the argument that decentralization promotes allocative and productive efficiency assumes that the devolution of functions occurs within an institutional environment that provides political, administrative, and financial authority to local governments, along with effective channels of local accountability and central oversight. These channels include:

- Voice mechanisms for citizens to express their views to government bodies.
- Exit mechanisms for citizens to switch to non-public service providers or to move to other localities.
- Central government laws, rules, budget constraints, and oversight over local government operations, and channels for local governments to influence central government decisions concerning them.
- Public sector management arrangements that promote accountability, such as merit-based personnel policies and rules and arrangements promoting fiduciary accountability and constraining corruption.

However, an analysis of the experience of decentralization indicates that the above benefits have not always materialized. Several factors have kept decentralized services delivery from achieving its efficiency and equity goals. These include:

- **Limited authority or misaligned responsibilities**: Central governments may place tight constraints on the authority of local governments out of concern for loss of control, lack of capacity and accountability. For example, in many countries local governments have limited authority to adjust their resource allocations because most of their funding comes from higher levels of government in the form of conditional grants. These constraints limit the realization of allocative efficiency, discussed earlier. However, central governments in many developing countries consider such measures necessary to ensure that funds are used properly in areas of priority. Also, decentralization has frequently led to misaligned responsibilities, possibly...
because the process is incomplete, or for political reasons. For example, although Pakistan has devolved responsibility for education to the districts, school teachers remain employees of the provincial government. The district-elected chief executive has little authority over the hiring, firing, evaluation or placement of teachers.

- **Lack of capacity:** Local governments suffer from severe capacity constraints, which can limit the effectiveness of decentralized service delivery. Materials and equipment needed to carry out work are generally in short supply. In addition, a shortage of skilled staff and lack of training hampers delivery. In particular, lower tiers of government lack the ability to manage public finances and maintain proper accounting and financial procedures (Ahmed et al. [2005]).

- **Elite capture:** While decentralization intends to strengthen the political power of people at the grass-roots level, in some cases it has increased the possibility of capture by local elites. In 1979, Indonesia established “village governments” with locally-chosen village heads accountable to village councils that would determine budget priorities. A study of 48 rural villages showed that, since village heads chose the members of the council, accountability to the villagers was weak; only three per cent of the village proposals were included in the district budgets. Chosen members of the councils were more likely to speak out at village council meetings, crowding out the voices of others in the village (World Bank [2001]).

- **Limited effect of competition:** Citizens can opt out of the government system in favour of non-public service providers or move to another location in search of better public services. Households with ability to pay tend to use private services because of their better quality. For example, private medical services were reported to be of much higher quality than those in the public health sector in most countries in Southern Asia. But competition from the private sector has not induced significant improvements in public health care delivery, partly because of “moonlighting” whereby many doctors employed in public service also run private practices.

- **Fiscal issues:** Four elements define the fiscal dimensions of decentralization: allocation of expenditure responsibilities between central and local tiers of government; assignment of taxes to different government tiers; the design of an intergovernmental grant system; and the budgeting and monitoring of fiscal flows among different levels of government. The assignment of expenditure and financing responsibilities among different tiers of government can have a direct impact on service delivery. In principle, the factors that should come into play in deciding the optimal assignment of expenditure and tax responsibilities include the subsidiarity principle, scope for economies of scale, spill-over benefits, costs of administering taxes, tax efficiency and equity. In practice, political realities and historical legacies often determine choices and, not surprisingly, give rise to mismatches.

The accountability of lower-level governments to local clients is enhanced if they have access to “own-taxes” with the right to adjust tax rates. Indeed, the service delivery incentives facing sub-national governments may improve if, at the margin, they have to raise their own revenues through tax increases rather than relying on central transfers or bailouts that soften budget constraints. This potential impact of own-taxes suggests that proposals for national tax reforms should include tax instruments that can be devolved, or permit surcharges on national taxes.

South Africa has considered allowing a provincial surtax on the national income tax to enable greater autonomy in budget preparation. India has considered a dual centre-state sales tax (with the power given to states to set rates) in order to strengthen inter-governmental fiscal relations and to enlarge the tax base (Government of India [2004]).

The design and implementation of intergovernmental fiscal transfers can influence the accountability of sub-national governments for service delivery. Own-tax sources will rarely meet the funding requirements of sub-national governments, nor does the theory of fiscal decentralization suggest that each tier of government should necessarily be self-financing. Fiscal transfers typically can be conditional or unconditional in character. The former leads to a more hierarchical system of accountability – the centre holding the sub-national government accountable for proper use of central transfers. The latter falls within the category of discretionary resources, for which sub-national governments are directly accountable to their constituencies. Also critical is the predictability of fiscal transfers, essential in allowing sub-national governments to plan local service delivery more effectively and on a sustained basis. Predictability is enhanced through the use of formula-based allocation systems driven by simple measures of equity and efficiency (Bird [2003]).
Fiscal interdependence among different tiers of governments means that budgeting and evaluation of transfers are also important elements in ensuring efficient service delivery and getting value for money. In their budgeting processes, a number of countries have implemented a medium-term expenditure framework (MTEF) that allows sub-national entities to participate in a multi-year budgeting system (e.g. South Africa). Some countries, such as Brazil, have gone one step further by involving communities in the budget process through a participatory approach, such as in the city municipalities of Porto Alerge and Belo Horizonte (Andrews and Shah [2003]).

3.4 Accountability and Transparency

Good governance implies public participation, transparency in decision making and accountability, which helps to promote the integrity of public service. Accountability is a key pillar of good governance that compels the state, the private sector and civil society to focus on results, seek clear objectives, develop effective strategies, and monitor and report on performance. It implies holding individuals and organizations responsible for results measured as objectively as possible. It has three dimensions. Financial accountability implies an obligation on the part of the persons handling resources, or holding public office or any other position of trust, to report on the intended and actual use of the resources. Political accountability means regular and open methods for sanctioning or rewarding those who hold positions of public trust through a system of checks and balances among the executive, legislative, and judicial branches. Administrative accountability implies systems of control internal to the government including civil service standards and incentives, ethics codes and administrative reviews (Cheema and Rondinelli [2003]).

Transparency promotes openness of the democratic process through reporting and feedback, clear processes and procedures, and the conduct and actions of those holding decision-making authority. It makes information accessible and comprehensible to citizens. Public participation at all levels of government is essential to promote policies that will better focus on issues of growth with equity, sustainable human development and poverty reduction.

The constitution of many countries formally encourages direct citizen participation in governance, including the right to vote. Additionally, specific local government laws also encourage involvement and participation of the citizenry in local politics. However, legal mandates and constitutionality do not necessarily guarantee true participatory governance. In practice, the extent of participation in many developing countries may be very limited. Citizens are not aware of government policies and actions until after they have been implemented. Access to information is scarce, tightly controlled or denied outright. People’s isolation from policy making is particularly evident in the areas of fiscal and economic policy, which are not open to public participation. The national budget preparation process exemplifies how citizens are shut out of the national debate on issues that impact everyone’s lives. Information about expenditure allocations, regional and national priorities and other issues of critical concern are deemed to be the sole prerogative of senior policy makers within government, not meriting public attention or debate. Similarly, in privatization programmes, the government sells its assets, deregulates major industries, liberalizes trade and investment, and enters into international trade and loan agreements without prior consultation with the public, and indeed, often amidst loud protests from the citizenry.

Limited public participation has led to the concentration of power in the hands of a few. Effective checks and balances in the system of government are essential so that no branch of government exceeds its authority and dominates the others. Oversight bodies and entities are required to ensure that the various organs and agencies of government are held accountable for discharging their duties responsibly and in the manner intended. One of the most important institutions to act as a check and ensure a balance of power is the judiciary, which should remain impartial and unaffiliated with political ties and parties and enforce the rule of law. This has not been the case in many developing countries. Also, legislative oversight of the executive branch of government remains weak in many countries. This is partly because efforts to strengthen parliamentary oversight have been superficial. On top of this, the executive branch has strengthened various laws that significantly enhance government’s control over the media, official information, NGOs and other kinds of non-formal checks. For example, recent legislation in Pakistan has strengthened government control over the NGOs. Freedom and independence of the press exist to varying degrees in most developing countries, but a citizen’s right to access information is not always guaranteed.
Another major accountability issue confronting many developing countries that has direct consequences for MDGs is corruption. The high level of government monopoly and discretion without the institution of proper mechanisms of accountability and transparency has led to widespread corruption in many developing countries. Fundamental causes of corruption are economic structures, institutional capacity to design and implement reform strategies and the lack of political will. The consequences of corruption, irrespective of its causes, are damaging not only for economic but also for social development, as highlighted by the significant negative correlation between corruption and attainment of MDGs. Corruption lowers investments, decreases efficiency, and levies an additional tax on business. Furthermore, it misallocates scarce resources by diverting them to private pockets, reducing expenditures for development projects and social safety nets. High levels of corruption lead to expansion of the “ unofficial economy.” Corruption renders government regulations ineffective by allowing evasion of public health and safety requirements, through disregard for regulations, and by avoidance of environmental pollution penalties (Cheema [2005]). It is particularly costly to the poor. For example, in Kazakhstan, to gain access to health, education and the justice system, poor people pay bribes. Thefts from public stores supply much of the private market for pharmaceuticals in Côte d’Ivoire, India, Jordan, Thailand and Zambia (WDR [2004]).

3.5 Rule of Law

The legal system offers an arena in which people can hold political leaders and public officials to account, protect themselves from exploitation by those with more power, and resolve conflicts that are individual or collective. Access to justice is therefore not only central to the realization of constitutionally guaranteed rights, but also to the broader goals of development and poverty reduction. The ability to access and use legal institutions, however, is distributed unevenly in most societies. The poor in developing countries in particular have little access and are infrequent users of the legal system. They often live in various forms of illegality – in housing, at work, in the use of electricity, etc. – and encounter the legal system primarily in criminal prosecutions. Making legal institutions accessible and responsive to poor people is one of the major challenges that confront law and judicial reform initiatives.

It is now common ground among development theorists that unchecked abuses of political power can undermine growth, and that the rule of law is an essential precondition for a prosperous economy organized according to market principles. The rule of law, it is argued, not only ensures life and personal security, it also provides a stable framework of rights and obligations, which can help to reduce political risk to investors and cut down transaction costs. A legal system that protects property rights and enforces contractual obligations also fosters the development of markets in land, labour, and capital, thereby enhancing economic efficiency. Markets cannot exist without effective property rights, and effective property rights depend upon fulfilling three conditions (WDR [1997]):

a) protection from theft, violence, and other acts of predation;

b) protection from arbitrary government actions – ranging from unpredictable, ad hoc regulations and taxes to outright corruption – that disrupt business activity;

c) a reasonably fair and predictable judiciary.

The absence of these conditions is referred to as “the lawlessness syndrome,” which has significant negative effects for business. Lawlessness raises costs, discourages risk taking, and depresses the speed of economic transactions.

While the importance of legal institutions to business and investment has received considerable attention in the literature, little is said about the role that the rule of law plays in ameliorating poverty. The poor are most at risk from the abuse of political power, and are least able to protect themselves against the injury and economic loss consequent from such abuse. In countries all over the world, the poor are more likely to be victims of police violence than the rich. So too are they more likely to be ignored or mistreated by bureaucrats, most vulnerable to being left destitute by petty corruption, and least likely to have the skills and resource necessary to “work” the state machinery. These factors are not just symptoms of poverty; they are part of its cause and a most fundamental aspect of its manifestation. Violence, theft, corruption and other anti-poor exercises of discretion usually occur in violation of existing legal rules. The question thus becomes one of how this happens. Why is the legal system in developing countries not more effective at constraining the behaviour of political leaders, powerful interests and people who occupy positions of state authority? The answer to this question rests on at least three factors (Anderson [2003]):
• *The nature of constitutionalism:* While most countries have written constitutions, and the majority of constitutions contain legal provisions placing limits on the exercise of government power, the actual operation of those constitutional rules ultimately depends upon politics. There are constitutions in the world which contain rules and rights that have very little to do with the actual exercise of government power. Many commentators have arrived at the conclusion that constitutions have failed to regulate the exercise of power and protect fundamental rights. The result is political controversy. In India, for example, the conflict between the executive branch of government and the judiciary – expressed in debates about land reform, secularism, women’s rights and positive discrimination – have given rise to intense political struggles and even violence. In Pakistan, the Hudood Ordinance has been recognized by many women’s movements as a tool to suppress women and deprive them of their basic rights but has still not been withdrawn.

• *Threat to Judicial Independence:* Judicial independence – impartiality, political insularity (the judge is not subject to removal from office for reaching decisions unpopular with government), institutional autonomy, legal authority, legitimacy and probity (the judge is immune to bribes, favours and other forms of influences that might affect impartiality) – is a necessary condition for the exercise of effective control over the abuse of power. Unfortunately, this is often lacking in developing countries and judges are particularly vulnerable to political pressures from the executive branch. To enforce rules written to protect all – including the poor – from abuse, an effective judicial system is essential.

In theory, the judiciary is perfectly suited to the exercise of the accountability function. The process of ensuring accountability can be seen to involve at least two components: answerability and enforcement. Answerability is the requirement placed upon public officials to make information available about their activities and to give valid reasons for their actions. Enforcement is the ability to impose sanctions on political leaders and other public officials who have acted illegally or otherwise violated their public duties. However, while courts can provide a powerful tool for accountability, they are essentially reactive and driven by social forces. Thus they will not act until there is a complaint or a petition brought to them, mainly by individuals or businesses. It is the litigant and their lawyers who determine which disputes will reach the courts, when and how often courts will be petitioned, and how intensively conflicts will be pursued. Therefore, this depends on civil society’s demands as well as the judicial system’s provision of justice. Most litigation in developing countries involves either businesses or the economically dominant classes like agrarian landholders, industrialists, etc. The poor rarely appear in court except as defendants in criminal prosecutions. The actual costs of engaging a lawyer, the opportunity cost of time spent in court, the long time for judgments and the general level of education required to litigate effectively all serve as deterrents.

• *Need for legal reforms:* one of the main reasons that the legal system is not better adapted to protecting the poor from political abuse is that the substantive laws applied by the court are out of date or still carry the stamp of colonial authoritarian rule. Many developing countries have not reformed their legal system for lack of either political will or parliamentary capacity and time to implement reforms.

Even in the absence of the above factors, the legal system is of little benefit to the poor. “Access to justice” has not yet featured prominently in the good governance agenda of developing countries. Other factors inhibit resort to justice as well, particularly in developing countries. First, there is reluctance to use the law, particularly among the poor, who don’t want to become entangled with the court, the police, lawyers, and so on. This is sometimes attributed to the strong social stigma attached to any encounter with the law, no matter how innocent. Also, while cultural factors are important deterrents, the decision to avoid contact with the legal system is a rational response to the opportunities and risks inherent within it. As Hill (1996) has emphasized, where content and application of the law is stacked against the poor, it is not surprising that they regard it as their enemy. Moreover, the poor who are living in illegality have special reason to avoid contact with the legal system. This includes people residing in squatter settlements or on illegally occupied land; those earning income through self-employment along the roads or on abandoned plots or public land, such as hawkers selling fruits and vegetables, builders, tailors and traders; and the poor who access common property resources like rivers and forests. Finally, there is mistrust of the law and it is not uncommon for the poor to be wary of the official legal system. They believe that the law does not serve their real needs and see it as a tool that the wealthy and well-connected can use against them (Hardoy and Satterthwaite [1989]).
Second, lack of access to legal information, legal illiteracy and inadequate legal representation due to the shortage of easily available, inexpensive lawyers are also major deterrents to poor people’s use of the legal system. An extreme example is found in Chad, where roughly 100 judges and only seven practicing lawyers serve six million people (Webb [1996]). In such circumstances, it is not surprising to see lawyers develop practices focusing on lucrative commercial or government work rather than representing the poor against abusive state power.

Finally, just as for robust private sector development businesses require courts to provide efficient services (i.e. where cases are heard promptly and decisions are broadly predictable and likely to be enforced), the poor need the same, only more urgently. They tend to reach court with their cases only when they are at risk of destitution. In such situations, justice delayed is justice denied. In the State of Maharashtra, for example, a 1986 study shows that the average time between filing suit and receiving judgment was 17.4 years (Anderson [2005]).

3.6 Human Rights

MDGs are solidly anchored in human rights. This was clearly demonstrated above with the elaboration of the links between the two. In a nutshell, given the focus on deprivation in basic aspects of human lives, MDGs are linked to human rights directly. However, MDGs present a range of challenges for the human rights community. The issue is not whether or not to engage in the MDG process, but rather how that process can be made human-rights compatible, and thus an important tool in the struggle to achieve neglected economic and social rights in developing countries.

There are a number of strong criticisms of both the content of the MDGs and of the process through which they were elaborated. Some of the strongest of these criticisms came from the NGOs gathered together at the Asia-Pacific Civil Society Forum. Their major criticisms can be summed up in eight points (Alston, [2003]):

- The MDGs sideline human rights because they do not contain any particular focus on rights;
- MDGs are superfluous because the adoption of the alternative framework of a rights-based approach to development would take care of all of the issues;
- The MDG definition of poverty is too narrow, and its emphasis on specific goals takes poverty out of its broader context;
- The process is top-down and has not come from the grass roots up – it is, in effect, an imposition by governments acting through the UN General Assembly;
- The MDGs do not provide for any in-depth analytical review of progress achieved or of shortcomings;
- The MDGs represent a one-size-fits-all prescription, and are not tailored to the specific needs of individual countries;
- The MDGs are unacceptable from a human rights perspective because of their selectivity, their exclusion of certain rights, and their preparedness to settle for half measures (e.g. halving poverty, instead of eliminating it); and
- The MDGs process will be used by governments and donors to distract attention from the real human rights issues.

One way to address some of the above concerns is to emphasize the equal importance of the Millennium Declaration alongside the MDGs. However, the concern that even if the MDGs reflect many parts of the human rights agenda (including the rights to food, education, health, a decent living standard etc.), the fact that most of the strategies to achieve the MDGs currently operate in a predominantly traditional economic and still incipient human rights framework needs to be acknowledged. There is therefore a need to focus on such a framework to achieve the MDGs.

In the human rights framework, there are both claimants of rights and those with obligations to recognize and uphold these rights. The latter group includes duty-holders – communities, governments at all levels, the private sector, civil society, external development partners etc. In “development as usual,” if goals are not achieved, promises are broken or responsibilities are not carried out, there are no obvious duty-holders who can be made accountable. But in the rights-based framework, people can claim that their right to development has been violated, and they can hold the
specifically identified duty-holders who are responsible accountable. Accountability and transparency are at the core of the human rights framework.

In the rights framework, process is as important as outcome. In traditional development, it is mainly the outcome that matters. For example, if two countries achieve a 99 per cent literacy rate, from a traditional development assessment, they have done equally well. But the rights-based approach would also look into the process adopted to achieve this outcome. One country might have reached this goal through a participatory mechanism and incentives; the second might have achieved the same result through coercion. In the human rights framework, even though the outcome is the same in the two countries, in the latter the process is unacceptable; thus its outcome cannot be seen as on a par with that of the former (Jehan [2004]).

The Human Development Report for 2003 analyses the role of the human rights framework in achieving the MDG goals. Indeed, monitoring progress towards these goals should be linked to the human rights framework. The purpose of MDG monitoring, therefore, should not be just to obtain quantitative measures of progress and identify gaps. The exercise should also review the nature of progress made, the instruments used to achieve it, and whether or not it has been realized through means compatible with human rights. At the same time, the actors responsible should be identified and held accountable. Similarly, when gaps needing to be filled in order to achieve the MDGs within the allotted time period are defined, those responsible for carrying out actions to meet the specified targets must be identified. In terms of formulating policies to overcome the gaps, again, drawing up strategies is not sufficient; those responsible for delivering results must be held accountable in case of failure. Monitoring of MDGs should thus go beyond the usual quantitative assessment and policy formulation; it should be strongly linked to a recognition of rights and obligations.

In conclusion, there is a need to focus on the human rights approach by highlighting the need for empowerment, particularly of women and the other marginalized sections of society. The concepts of participation and accountability will need to be applied meaningfully – and political will mobilized – to truly operationalize them. Human rights implementation and monitoring frameworks must be created as well. If the MDGs can be inserted in appropriate ways into the human rights monitoring framework, there is much to be gained on both sides. The human rights framework – which tends to operate in isolation – will be linked to a major impetus within the international community that has immense financial potential and a high level of formal commitment. On the side of the MDGs, the rewards will be equally great as the longstanding reluctance of governments to accept that development goals can usefully be monitored will be overcome, the MDGs will be taken seriously, and failure to address them adequately will be highlighted.

3.7 Role of Civil Society

Governments can bring about change, not by acting alone but by working together with other actors... with civil society in the broadest sense. Governments can define norms and principles, and plans of actions, after carefully listening to the views of civil society. But then they need to work with appropriate partners to put those norms into practice.

— Kofi Annan, UN Secretary General, General Assembly, September 2000

Civil Society has been widely recognized as an essential “third” sector along with government and the private sector. Its strength can have a positive influence on the state and the market. Acting as a bridge between the individual and the state, civil society is an increasingly important agent for promoting good governance. An active civil society contributes to development and deepening good governance by undertaking the following: policy analysis and advocacy; monitoring of state performance and the action and behaviour of public officials; building social capital through community organization and enabling citizens to identify and articulate their values, beliefs and norms; mobilization of particular constituencies, particularly the vulnerable and marginalized sections of society, to participate more fully in public affairs; and finally, development activities to improve the well-being of their own and other communities.

But in spite of all these potential roles, civil society in the developing world continues to face a series of challenges:

- **Financial sustainability:** Many CSOs in the developing world are dependent on international donors, international non-governmental organizations, and, to a lesser extent, on the state to develop and sustain their activities. This has serious consequences for development of an
autonomous and independent civil society in developing countries. Most funds given to CSOs are project-based and once the project ends, many of these organizations are unable to survive. Moreover, dependency on foreign resources often means that donors and NGOs set the agenda of these organizations, limiting local ownership and empowerment. Also, funding for CSOs that provide social services is problematic given their intention to remain independent of the government. Often, resources will only come in exchange for political support, compromising the independent spirit of many of these organizations.

• **Legal constraints and internal accountability:** Civil society activities also are limited by the absence of an enabling regulatory and legal framework. In many developing countries, laws and norms regulating the activities of CSOs limit the potential of these organizations to effectively influence policy making and to function as a mechanism of accountability of the state. Many CSOs lack the very internal accountability and transparency that they demand from their governments. They need to improve their internal governance in order to be able to legitimately demand state accountability and attract philanthropic contributions from citizens. Therefore, civil society organizations require an enabling environment that includes legal norms facilitating their recognition and institutionalization and also a culture of dialogue and transparency, along with a clear statement of standards of management and governance, especially on financial matters.

• **Lack of mutual trust between CSOs and government:** Institutional sustainability depends on the functional freedom and autonomy given to CSOs to perform their tasks and maintain commitment towards their work. Mutual distrust between CSOs and government is, therefore, a deterrent to their development and effective functioning. It can be attributed to limited communication between the two sectors, a lack of understanding of the role of CSOs on the part of the government, and in some cases, to reactions of the government to CSOs’ advocacy activities that criticize some government decisions or activities. Also, direct access to internal/donor funding of CSOs gives rise to suspicion on the part of governments. There have been some cases where private firms have taken advantage of tax privileges by claiming that they are CSOs, which has damaged the reputation of the sector and has led to government action. In Russia, for example, the government has reduced tax benefits for CSOs and undertaken frequent audit of CSOs’ financial and administrative practices (UNDP [2002]). Similarly, in Pakistan the proposal for the NGO Bill, which aims at increasing government control of CSOs, was vehemently resisted by civil society. The existence of an environment of mutual mistrust and even rivalry has hindered the development of CSOs in developing countries and mitigated against their role as partners of government in development.

• **Civil Passivity:** The struggle for survival under difficult economic circumstances has resulted in less interest and willingness of people to participate in voluntary activities. Motivating deprived and vulnerable communities, particularly in conflict situations, requires a mix of socio-economic interventions with civic education and activism. Lack of adequate financing limits the possibilities for taking such measures.

• **The Socio-Economic Political Environment:** CSOs do not work in isolation. They have to contend with the socio-economic-political realities in which they operate. In many post-conflict/crisis countries, recent shifts towards political pluralism and decentralization have complicated the political context as a one-party regime is replaced with fragmented special interests leading to polarization, violence and political paralysis. CSOs are confronted with vested and competing interests from bureaucrats, politicians, multinational corporations, rural elites and other who may oppose attempts to transfer power and resources to the local causes that CSOs support. The lack of confidence and trust between governments and CSOs, mentioned above, further aggravates the situation.

In conclusion, democratic governance best encompasses the principles and values of good governance. As discussed above, it is therefore a powerful instrument to overcome the challenges of the developing world, as discussed above. But it must be viewed in proper perspective. Democratic governance is not synonymous with elections; it goes beyond them. It is about democratic values and norms, equity and non-discrimination, participation and inclusion, and transparency and accountability. It involves multiple actors and multiple duty holders – the state, civil society, the private
sector, and external development partners. In this structure, the state is the single most critical actor and duty holder and has the most important role in all aspects of development challenges – economic, human development and governance. This requires building a legitimate, capable, enabling and responsive state, which is both inclusive of and accessible by all people in the society.

3.8 Enhanced Aid and Absorptive Capacity

“To support efforts by developing countries to adopt and implement national development policies and strategies through increased development assistance... to support developing countries by providing substantial increase in aid of sufficient quality and arriving in a timely manner to assist them in achieving the internationally agreed development goals, including the Millennium Development Goals.”

—The UN Millennium Declaration, September 2000

A core principle of the United Nations Millennium Declaration is that human development is a shared responsibility. The Declaration resolves, therefore, to develop “strong partnerships” to promote a more open and equitable system of international finance and trade, to increase development assistance and to enhance international commitment to good governance, development and poverty reduction.

The prime responsibility for human development and the attainment of MDGs, however, rests with individual countries. Indeed, the real value of the MDGs is that they can help to focus national attention on human development issues and highlight the fact that progress in MDGs will only be achieved if the country’s leaders, institutions and stakeholders are fully committed to them. However, given the significance of the goals and the magnitude and complexity of the tasks required to achieve them, each individual country cannot be left on its own to mobilize the necessary technological and financial resources. Therefore, the Monterrey Conference on Financing for Development reiterated the international community pledge of committing 0.7 per cent of the G- of donor countries as ODA to developing countries.

Unfortunately, the trend of ODA over the years has been quite disappointing. Net ODA as a percentage of donors’ GDP declined from 0.33 per cent in 1990 to 0.22 per cent in 2000, not only far from the agreed 0.7 per cent yardstick, but also highlighting a reverse trend. ODA to most of the LDCs – those most in need of additional resources to attain MDGs – also has been on the decline. Between 1990 and 2000, the flow of per capita ODA to the LDCs was almost halved, from $36 to $19 (in constant prices) (Jehan ([2003])). Fortunately, there has been some improvement in recent years. Total net ODA increased from $49.7 billion in 2000 to $65.9 billion in 2003.

Recent studies have shown that achieving MDGs would require a doubling of ODA flows. For the 30 or so African countries judged to be in a position to use external assistance effectively, it is estimated that an increase of between $20 billion and $25 billion in ODA – from the current $13 billion to up to $38 billion – would be required to enable them to reach the MDGs. There is thus a strong case for enhancing the absolute amount of ODA. In fact, approximation to the target of 0.7 per cent of donor GDP going to ODA would enhance the absolute amount of ODA significantly. Today, only Denmark, Luxembourg, Netherlands, Norway and Sweden meet that criterion. Thus a significant scope for enhancement remains from other critical donors. The Chancellor of Exchequer of the UK has recently proposed a new scheme to double aid flows from $50 billion to $100 billion per annum to meet the resource requirements of the MDGs. The proposed “International Financing Facility” would enable donor countries to frontload their aid commitments.

Another issue relates to the nature of ODA. If much of the aid is tied to purchases of goods or services from donor countries, its efficiency and utility is significantly compromised. On this front at least there has been progress as most donors have increased their proportion of untied aid. There has also been some progress in increasing the percentage of ODA that focuses on basic social services. This is particularly significant from the viewpoint of the MDGs, the attainment of which will depend to a large extent on better social service delivery. Some of the new global funds such as the Global Fund to Fight HIV/AIDS, Tuberculosis and Malaria and several donor-supported social investment funds have also been “earmarked” for these purposes.

There remains, of course, the problem of “fungibility;” even if the donor wishes more funds to go for basic services, the recipient government may simply take the opportunity to switch some existing social spending to other purposes. This underlines the importance of national commitment to achieving the MDGs. Donors can support such a commitment but they cannot create it. Studies of World Bank structural adjustment programmes confirm that even strict expenditure benchmarks are
not an effective substitute for national commitment and that these programmes often have negative consequences for the poor (Easterly [2001]).

The changing geo-political global environment has given rise to another concern with regard to the targeting of ODA. Much of it is being channelled to post-conflict countries like Iraq and Afghanistan. Ideally, this should not replace long-term development assistance to other developing countries, especially the LDCs.

Another issue related to ODA concerns the absorptive capacity of the recipient country. Countries have to be able to use the assistance effectively. In Asia and the Pacific for example, around 25 per cent of the ODA committed remained unutilized (ESCAP [1999]). The absorptive capacity depends on a country’s administrative and management capacity, the probity or honesty of public servants and the quality of public policy. The donors are partly responsible for this. Aid is often provided for unsustainable projects that yield quantitative results in the short-run. Funding for capacity building and institutional strengthening has not historically been a donor priority. Likewise, financing of recurring costs, to ensure the down-stream sustainability of investments has not been a major donor objective.

An important challenge, which will acquire increasing importance if aid flows increase, is that donors require recipient countries to cope with multiple reporting systems and this represents a huge drain on these countries’ limited administrative capacity. Countries such as Ethiopia, Mozambique and the United Republic of Tanzania are each subject to more than 700 new donor initiatives per year with independent and differing accounting and reporting procedures, and with little or no coordination among donors. Not only does this result in a tremendous strain on developing countries’ administrative capacity, it also limits their ownership of their own development processes and, in turn, impairs performance. The Paris Declaration on aid effectiveness attempts to improve mutual accountability between donors and partner countries. More dialogue between donors and recipients on the agenda, alignment and greater use of common procedures, sharing of information, and overall simplification of the process could improve the results achieved through aid. Another option for reducing the administrative burden is for donors to pool their funds in various ways, through budgetary support or joint programming or by providing financing as a group for an agreed overall strategy in particular sectors.

In conclusion, there is a need for more and better targeted ODA. ODA needs to be directed to the LDCs, landlocked countries, SIDS and low income countries with large pockets of poverty. It should support capacity-building as well as policy changes and reforms that can help countries to benefit from new technologies and opportunities. It should help to build the quality and responsiveness of institutions and raise the quality of governance generally. ODA should be better administered. Donors should increase efforts to pool their funds and agree on common standards of reporting and accountability. Also, ODA should avoid capital-intensive projects and make greater provisions for recurrent costs that can be phased out over feasible periods. An exit strategy has to be properly planned and incorporated in each project.
Governance issues affecting the attainment of MDGs, discussed in the previous chapter, are broad-based, widespread and complex; their impact is far-reaching and their resolution not simple. However, these issues become even more complicated for countries in certain special circumstances, as in the case of those in conflict or post-conflict situations, small landlocked or island developing countries, or LDCs, all of which need even greater attention. The Outcome Document of the 2005 World Millennium Summit reaffirms the commitment of world leaders and the international community to addressing the special needs of such countries as they continue to face persistent human development challenges. In this section we highlight how failed governance is both a cause and a consequence of crisis in some of these situations. Strengthening the institutions and processes of governance is, therefore, an important tool for crisis prevention, recovery and, following conflict, for reconciliation. It is also essential if countries in special situations are to gradually get back on the path of trying to attain the MDGs. The process of economic recovery is a prerequisite for being able to stop deterioration in the basic MDG-related indicators. Countries in special situations will therefore generally have to accept a longer time horizon for achievement of the MDGs. The interim national development strategy of Afghanistan envisages the attainment of MDGs by 2020, not 2015.

4.1 Countries in Conflict or Post-Conflict
Any serious attempt to launch a successful campaign to achieve the MDGs must pay special attention to areas affected by conflict. Nearly 60 countries experienced violent conflict during the 1990s. Root causes of conflict in nations tend to be structural and include factors such as scarcity of resources and protracted macroeconomic crisis; geographical boundaries and political alignments that do not reflect social or ethnic differences; and/or institutional exclusion of particular groups from political or economic processes. Recent literature has demonstrated that “horizontal inequalities” between groups are the major cause of recent civil conflicts (Cheema [2005]).

Irrespective of the causes, the negative effects of crises on development are universally recognized. Beyond its direct cost in human lives, conflict can undermine economies, destabilize governments, damage infrastructure, disrupt social service delivery and provoke mass displacements of people. More than 14 million people face hunger due to recent conflicts. HIV/AIDS and other infectious diseases often spread faster in conflict-affected areas. Maternal and infant mortality increase substantially where war rages and severely damages health facilities. Sub-Saharan Africa, one of the regions most affected by conflict and natural disaster during the last two decades, has experienced a cumulative decline in real GDP and lags far behind other regions in human development. It is the poor who bear a disproportionate share of the human and environmental costs of conflict. They are more likely to be deprived of a means of livelihood, suffer from the inability of the government to maintain law and order, and be subject to human rights abuses. They are also more likely to be displaced from their homes, and thus cut off from basic services. Most importantly, conflict fractures communities, depriving people of their immediate support groups.

Systemic and long-term conflict adversely affects governance, undermining the institutions and processes upon which it is based. Among the important casualties of conflict are (Cheema [2005]):

- **Human rights:** basic human rights are the first to be sacrificed in a conflict situation. Abuses range from arrest without evidence, detention without charge and prohibition on movement in the case of internal conflict, to heavy civilian injuries and casualties in an international conflict. In Afghanistan and Iraq, large numbers of civilians have been killed in recent years. The right to work and earn income, to education, basic health care and other amenities fundamental to human life are compromised and even temporarily suspended.
• **Access to justice and security:** Access to justice and security, almost non-existent during the period of conflict, are also difficult to restore in post-conflict situations. Consequently economic activity, business and investment suffer, as does the basic security of life and property. There are three major challenges to reconstruction of legal and judicial system. The first is that the demand for immediate justice overwhelms the capacity of any government established in a post-conflict situation, making it difficult to initiate comprehensive legal reforms. The second challenge is the serious shortage of legal and security professionals, due to either death or migration. The third challenge is to build new legal and judicial institutions and infrastructure in response to the collapse and destruction of the old ones. This may even include the framing of a new constitution.

• **Decentralization and Service Delivery:** Service delivery and resource management are usually crippled in conflict situations. Often what resources are mobilized and utilized bypass formal decentralized and local governance structures. Some informal, community-based delivery of lifeline services may still be present at the local level, possibly with the support of humanitarian agencies.

• **Public Administration and Fiscal Capacity:** Conflict directly impairs the state’s capacity to govern. It disrupts the normal cycle of public administration operations, including the recruitment and training of the civil service, the creation or restructuring of various government agencies and departments or systems for payment of salaries etc. Fiscal capacity is significantly weakened and the central government is reluctant or unable to transfer resources to local governments. Record keeping and database maintenance are difficult due to technical difficulties and, in some cases, destruction. All of these factors have serious adverse implications for service delivery.

• **Accountability and Transparency:** The normal modes of monitoring government, whether legislative, judiciary, media, or through civil society groups, are often either suspended or prosecuted in a conflict situation. In particular, media, a strong means of promoting accountability and transparency, is suppressed or blatantly manipulated. As such, in order to restore the writ of government in a post-conflict situation it is necessary to strengthen the roles of institutions related to security, law and order, the judiciary etc., and to bring back a semblance of civil society, especially at the community level.

Given this backdrop the governance challenges and priorities in post conflict situations are structurally different. The key objective is building trust in government. This will be achieved through the establishment of horizontal and vertical accountability.

**Horizontal accountability** refers to the division of state power among the three branches of government as well as to the range of other public entities (often called special agencies of restraint or “watchdogs”) created to check the abuse or inefficiencies of the state. **Vertical accountability** denotes the
chain of institutions and processes that link the elected ruler to its electorate and the citizens. It includes citizens acting through the electoral process or indirectly via civic organizations and the media (see Box 4.1).

Strengthening horizontal accountability in a post-conflict context typically involves interventions and external support in the following areas: post conflict recovery, security sector reforms, constitution making, watchdog institutions, justice and reconciliation, and local governance.

- **Post conflict Recovery:** For purposes of building trust in government, post-conflict recovery is not only the most urgent task but also a confidence-building one as it reassures crisis victims, gives them hope in the future and restores a semblance of normalcy. This involves provision of basic social services – either through the public sector or through alternative delivery mechanisms such as independent service authorities – and restoring a basic livelihood to displaced and affected persons. Cash-for-work programmes for rehabilitation of damaged infrastructure generally constitute the first intervention. Beyond this, restoration of livelihood can be promoted by extension of micro-credit and other inputs for the informal private sector, especially in provision of services. Eventually, major projects for the development of physical infrastructure need to be implemented.

- **Constitution Making:** Constitution making can generate social consensus on constitutive issues and simultaneously serve as a healing process in deeply divided societies. The important factors are the time taken to draft a constitution and the process that this involves. The process of constitution-making in South Africa is widely regarded as a model for divided societies, whether emerging from conventional civil wars or other forms of violent conflict. It took almost seven years to complete (1989-1996), during which there were threats of renewed violence. It was a participatory deliberative process involving private and public negotiations, accompanied by a parallel comprehensive educational campaign. The slow and cumbersome nature of the process was at the heart of its success. Other recent cases where the international community supported post-war constitution-making have included Afghanistan, Iraq, Rwanda and Timor Leste.

Important issues in this regard relate to constitution design. These include the level and modalities of participation, the form of the state (whether unitary, federal or otherwise), the form of democracy (presidential or parliamentary), and representation of different segments of the population in the decision-making process at each level.

- **“Watchdog” Institutions:** The concept of “watchdog institutions” appeared with the emergence of the “new democracies” in former socialist states and one-party states in the South. These watchdogs were intended to complement other institutions of restraint on the state (parliament, civil society, courts, etc.). The concept is relevant to several kinds of post-war situations:
  
  o **“Rights watchdogs”** are critical where the state has been associated with exceptional violence (particularly against civilians and suspected enemies) and where some of the alleged violators remain in positions of power (e.g. in Afghanistan and Guatemala). National human rights commissions have become a typical feature of post-war settlements and some have international high-level support, which facilitates their work without endangering the lives of their members.
  
  o **“Reform watchdogs”** have been established to oversee implementation of peace agreements that entail reforms of the state administration – particularly the army, police and legal system – and prescribe a political transition involving elections and/or constitution-making.
  
  o **“Audit watchdogs”** such as audit institutions and anticorruption commissions. Corruption is typically prevalent in societies where there is limited accountability of public institutions. In post-war situations where the state is contested or the institutions of accountability are weak, the potential for corruption is considerable. Large inflows of aid money and the residue of an illegal war economy magnify the problem. Corruption during the post-war reconstruction in Bosnia and Herzegovina is an example.

- **Security Sector Reform (SSR):** Crisis situations have often resulted in gross violations of human rights including war crimes committed by armed groups and government forces. Reforming the entire security sector to bring the security forces under civilian control and the rule of law is an
essential task in the process of building trust in government. The concept of security sector reform (SSR) emerged in the late 1990s as a first major attempt among donor agencies to formulate a coherent policy approach to security issues and institutions. The security sector was broadly defined to include institutions of police and justice, defence (private and public military organizations), and civilian control and oversight. SSR usually has two tasks: (i) reform security institutions in order to increase their effectiveness; and (ii) ensure that these institutions are governed in accordance with the principles of democracy and civilian oversight. Examples of externally-assisted reform of the security sector are found in Central and South Eastern European countries, including the Balkans. The EU, NATO and the Organization for Security and Co-operation in Europe (OSCE) have been critical in applying pressure incentives, as well as in assisting the restructuring of security sector elements of transitional societies. An example of a home grown, largely domestically-driven reform process is in South Africa, which has taken eight years to reform its defence sector and is still not finished.

Disarmament, demobilization and reintegration (DDR) programmes often take place immediately following a ceasefire or peace agreement between warring factions. Together with issues such as control of small arms and mine clearance, DDR programmes are at the core of SSR and critical in peace building more generally. Ideally, DDR begins with disarmament – a process whereby ex-combatants voluntarily hand in their weapons, register with a programme and renounce their status as combatants. Demobilization follows, involving temporary encampment, the provision of food, water and shelter, and basic primary health care. Ex-combatants are then returned to their home communities where they begin to access reintegration assistance, usually skill training for local needs that are compatible with the wider development agenda.

Substantial “DD” programmes have been funded and supported by international and national donor agencies and security forces. However, the most difficult dimension has often revolved around the neglected “R.” DDR will only be successful when the ex-combatants have been effectively reintegrated into civilian society. To succeed, such programmes must overcome critical economic, social, political and psychological barriers.

Some reasonably successful programmes have been established. In Sierra Leone, 72,500 combatants were disarmed and demobilized in the period 1998-2002, and 42,300 weapons and 1.2 million pieces of ammunition were collected and destroyed. The programme was coordinated by the National Commission for DDR, the Economic Community of West African States’ Monitoring Group and the United Nations Mission in Sierra Leone. In Afghanistan, there is an ongoing DDR programme for militias operating under warlords.

- Justice, Trust and Reconstitution: Transitional justice is closely related to SSR, since issues of criminal justice are part and parcel of the security sector. It is also related to the restoration of state authority and the rule of law following a crisis period in which officials may have engaged in unlawful activities and caused harm to innocent civilians. A survey of 27 countries shows that they have employed truth commissions or criminal justice proceedings to account for massive human rights violations (see Box 4.2). It appears that national response to transitional justice is primarily determined by the outcome of the conflict. When the violence ends with a compromise settlement, truth commissions tend to prevail; when conflict ends with a clear victory and defeat, legal proceedings are generally used.

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<th>Box 4.2</th>
<th>Mechanisms of Transitional Justice in Post-Conflict Situations</th>
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<td><strong>Sponsor</strong></td>
<td>Trust Commission (TC)</td>
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Building of “trust” and efforts to generate a sense of “reconciliation” are of central concern in post-war contexts. In a general sense, “trust” can be associated (negatively) with the absence of threats of renewed violence and human rights violations, and (positively) with confidence in the post-war order. Such confidence, in turn, depends upon a range of factors such as legitimacy of the post-war government, the relevance and effectiveness of the governance measures introduced, the pace of economic reconstruction, including visible signs of broadly distributed peace dividends, and the macroeconomic framework for peace.

On the micro level, “trust” is used mostly in connection with community relations, particularly efforts to restore or establish positive communication among communities or individuals that were previously divided by violence. Donors have supported numerous projects to this effect, such as those of human rights organizations, empowerment efforts, promotion of cooperation among divided communities, and peace committees.

Reconciliation can exist in three stages. In the initial stage, parties only co-exist peacefully. As reconciliation takes root, people listen and try to understand each other in the spirit of democratic reciprocity. As the process deepens, there is comprehensive reconstruction of social bonds between victims and perpetrators. This last phase implies forgiveness and healing.

The process of moving towards the last state of reconciliation is ideally seen to entail several phases (Adelman [2004]):

- **Recognition** of the truth of past violence by giving voice to victims and creating a common memory for the future; often done through truth commissions or similar public investigations;
- **Restorative justice** by holding perpetrators accountable, typically through criminal justice procedures, and establishing the principle of no impunity in the future;
- **Restitution** by compensating for past losses and creating institutions for future reform to address needs; and
- **Healing**, typically through public rituals, which in traditional societies usually involve rituals of cleansing and reconciliation.

In practice there is no set or necessary sequence. Some argue that restorative justice is necessary for reconciliation; other claim that criminal procedures may open old wounds and create new conflict. It seems to depend on particular situations.

**Local Governance:**
What should be the framework within which institutions and processes are rebuilt in a post-conflict situation? Some observers view establishment of formal democratic institutions as premature and misplaced in severely polarized social situations, arguing that this could lead to further polarization and conflict. While the timing and sequencing of such democratic processes is crucial for reconciliation among conflicting groups, democratic governance has to be the ultimate objective for establishing durable peace and mitigating conflict. There is no single right approach to determining the priorities in post-conflict situations. What is crucial is that political actors and policy makers are seen as committed to justice and fair play, demonstrating a lasting commitment to building democratic peace and upholding human rights. There are no easy or universal answers to these problems – but the lessons and experiences of the past have reiterated again and again the importance of fair and democratic processes for building lasting peace. Durable peace, therefore, has to be based on democratic foundations. (Jehan [2004]).

In fact, there are important imperatives for decentralized democratic governance in post-conflict situations. First, there is the vital nexus in post-conflict peace building arising from the complex challenge posed by the need for DDR. For successful DDR, communities must be involved at the local level and reintegration through creation of jobs should be the focus. Also, a truth and reconciliation process to improve the environment for peace can only be conducted at the local level, perhaps better by traditional local leaders like heads of clans or tribes or religious leaders than by leaders of military factions.
Second, the rationale for the local governance approach to post-conflict recovery is structured around two dimensions – the political and the developmental. The state cannot be reconstructed without resolving centre-local relations. Local governments provide a powerful mechanism to demilitarize and diffuse political tensions. Also, the new leaders who emerge in a post-conflict situation may be aware that policies of decentralization can legitimize them, their parties or the state at the local level.

Third, it is perhaps best to begin the development process at the local level, rather than wait for centrally-driven initiatives. The learning by doing approach of CARARE in Cambodia is perhaps an example of best practice. In the initial stages, building capacity and processes is just as important as implementation of projects relating to delivery of services. In Indonesia, however, unlike in Cambodia, there was a strong state and the conflict was complex, involving ethnicity, religion and culture. The decentralization programme introduced in 1997 failed to create legitimate local institutions.

Fourth, access to, control over and distribution of resources can be an important factor driving or propelling a conflict. Different groups have to be brought together to design and manage political, economic and social institutions that are trusted, having been built from consensus that allows for the efficient and fair distribution and management of resources, and can therefore prevent further conflict through redistributive justice.

Finally, there is danger that decentralization will lead to effective state capture of “war lords” whose authority has increased in the power vacuum in the post-conflict period, as for example, in Afghanistan. This will promote centrifugal forces and may even precipitate fragmentation of the state. Therefore, there may be a need to first establish the fiat of central authority and ensure a minimum level of security.

Turning next to vertical accountability, this is influenced by a variety of factors, including the election process, building a civil society and supporting grass-roots interventions. The objectives of post-war elections are typically to: move the conflict from the military battleground to the political arena; transfer power or legitimize the power of a government that can start rebuilding the country; and initiate and consolidate the democratization process.

Experience shows that the involvement of CSOs in post-crisis relief and recovery efforts can significantly contribute to their success and sustainability. Conversely, exclusion of civil society contributes to inefficiencies and failures, such as not reflecting livelihoods and the fulfillment of basic needs for all groups. Civil society networks can be relied on and built upon. Several projects in war-torn societies have been designed to empower victimized and traumatized communities. Projects of this kind have been established to assist the indigenous peoples in Guatemala, who suffered enormously from systematic violence perpetrated by the security forces during the war. One project, for instance, sought to strengthen the Mayan people’s capacity to articulate their interests in policy discussions. The basic assumption underlying grass-roots projects of empowerment, cooperation and dialogue is that participation in common projects and structured interaction among previously divided communities will help restore or create positive social relations. Recognizing that peace must be built from below as well as above, South Africa, for example, has pioneered the use of grass-roots peace committees. They have been emulated elsewhere (e.g. in Nicaragua and Sri Lanka) and are generally considered important in contributing to conflict management in deeply divided societies (Kumar [1999]).

Current experience suggests that policies can be adopted – even during conflict – to reduce the human costs. To somewhat reduce the human costs of conflict, it is important that those on both sides of the battle line have access to food, basic health care and primary education, as in Guatemala. Flexible approaches to service provision can be implemented by using diverse actors, such as CSOs and quasi-governmental organizations. Mozambique experimented with mobile clinics and classrooms when health and educational facilities became war targets. During periods of conflict many countries
have subsidized and rationed food to prevent price escalations. Rural communities may benefit from agricultural support in the form of supplies, loans and paid work.

In conclusion, democratic governance provides a useful set of tools for conflict prevention, management and resolution – including rebuilding fractured communities, political reconciliation, an enhanced role for civil society, security sector reforms, and service provision (Cheema [2005]). Within the seven dimensions of governance mentioned in the previous chapter, in the aftermath of conflict three dimensions, namely, public administration and civil service, decentralization and delivery of services and the rule of law are very important. However, as demonstrated in this section the focus and priorities of these dimensions have to be different. Also, some new dimensions like post-conflict recovery, trust and reconciliation, and constitution making have to be emphasized. The focus has to be on rebuilding trust in government. Improvements in governance have to facilitate the process of economic recovery if the process of attaining MDGs is to commence.

### 4.2 Least Developed Countries (LDCs)

The Outcome Document of the 2005 World Millennium Summit reaffirms the commitment of world leaders and the international community to address the special needs of LDCs, (see Box 4.3 for definition) which continue to face persistent human development challenges. As part of that effort, the United Nations System, along with the Bretton Wood Institutions, were urged to make concerted efforts and adopt speedy measures for meeting the goals and targets of the Programme of Action for Least Developed Countries for the Decade 2001-2010 – generally referred to as the Brussels Programmes of Action (BPoA) – adopted by the Third United National Conference on the Least Developed Countries in May 2001 in Brussels, Belgium. (See Box 4.4)

Of the seven areas of action under BPoA, presented in Box 4.4, four relate directly to governance: fostering people-centred action; promoting good governance at the national and international levels; building human and institutional capacities; and mobilizing financial resources, including official development assistance (ODA).

These priorities recognize that in addition to the external factors that influence the prospects for growth and development in every LDC, democratic governance at the local, national and global levels is paramount for the achievement of human development, human security and the protection of human rights. The notions of good governance embedded in the BPoA are broad-based, encompassing the state, civil society and the private

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<th>Box 4.3</th>
<th>Least Developed Countries — Classification</th>
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<td>A country is classified as an LDC based on selected development indicators, including the following three criteria:</td>
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<td>Income: a three-year average estimate of the gross domestic product (GDP) per capita (under $750 for inclusion as an LDCs, above $900 for graduation);</td>
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<tr>
<td>Human Resources: a composite augmented physical quality of life index, renamed in 2003 as the human assets index (HAI), based on indicators of nutrition, health, education and adult literacy; and</td>
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<tr>
<td>Economic Vulnerability: a composite economic vulnerability index (EVI) based on the stability of agricultural production; the stability of exports of goods and services; the economic importance of non-traditional activities; merchandise export concentration; the extent of liabilities of economic smallness; and the percentage of population displaced by natural disasters.</td>
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Currently 50 countries fall under this classification.

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<tr>
<th>Box 4.4</th>
<th>The Brussels Programmes of Action (BPoA) 2001-2010</th>
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<tr>
<td>BPoA articulates policies and supportive actions to promote the long-term economic growth and sustainable human development of LDCs and their successful integration into the global economy. BPoA is a global partnership that aims to develop the human and institutional resources needed to accelerate economic growth and eradicate poverty, inequality and deprivation in the 50 LDCs, and to ensure human security for the more than 600 million people living in them. BPoA is, therefore, integral to the achievement of the Millennium Development Goals (MDGs).</td>
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<tr>
<td>BPoA varies from previous LDC programmes of action in terms of the objectives, orientation, scope and arrangements for follow-up. In general, BPoA focuses on achieving substantial progress for LDCs in meeting the MDGs of halving poverty by 2015 and promoting sustainable development. Conference attendees in 2001 identified the seven following steps, which eventually became known as commitments, toward those goals:</td>
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<tr>
<td>• Fostering a people-centred policy framework;</td>
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<td>• Good governance at the national and international levels;</td>
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<tr>
<td>• Building human and institutional capacities;</td>
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<tr>
<td>• Building productive capacities to make globalization work for LDCs;</td>
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<tr>
<td>• Enhancing the role of trade and development;</td>
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<tr>
<td>• Reducing vulnerability and protecting the environment; and</td>
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<tr>
<td>• Mobilizing financial resources.</td>
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Against the backdrop of lack of progress in socio-economic development in LDCs and the implementation of the Programmes of Action for the 1990s, BPoA emphasizes that the development process should be viewed in a comprehensive, coherent and long-term manner by LDCs and their partners. The expectation is that increased scope for more effective dialogue will ensue from greater alignment between LDCs' national policies and strategies and the external assistance of their partners. Open and transparent development cooperation, underpinned by strong political will, can support substantial transformation in LDCs. Success will depend on effective follow-up and implementation, monitoring and review at national, regional and global levels.
sector and also acknowledging regional and international relations that constitute global governance.

The Secretary-General’s report identifies three areas of weakness that have led to insufficient progress to date in meeting the BPoA goals. These include country ownership, national capacity and resources. The report has stressed that achieving the objectives and goals of the BPoA in a timely manner will require increased efforts by LDCs, scaled-up official development assistance, debt cancellation, special and differential treatment in international trade, enhanced technical assistance from donors, and more extensive tapping of the enormous potential of South-South and triangular cooperation. Underlying these recommendations, the tackling of good governance challenges is essential.

While many of the LDCs’ development challenges are common to all developing countries, there are important distinctions in how they manifest themselves in these nations. LDCs are structurally constrained by a triple set of vulnerabilities. First, with their fragile economies, these countries are disproportionately susceptible to and affected by external shocks. Second, they are less resilient as a group than other developing countries. And finally, their ability to sustain themselves and grow is weakened by low human and material capacities. For example, response to devastation from HIV/AIDS, external economic shocks or natural disasters varies enormously, depending on whether a country is an LDC or not. The HIV/AIDS pandemic in sub-Saharan Africa has severely depleted national capacities in health, education and agriculture far more extensively in the LDCs.

Even within these countries there are important factors differentiating them in terms of the degree of complexity of the problems they face and the types of solution needed to address them. For example, Lao PDR, a landlocked country, faces additional obstacles to growth. Thirteen per cent of the country’s export earnings are needed for payment of insurance and transport services compared to about seven per cent for more accessible developing countries. Clearly, poverty eradication can be expedited by minimizing and eventually eliminating such cost differentials. Due to the low savings rates, progress on the MDGs is also affected by access to resources. The significance of additional resources for combating poverty and creating sustainable development cannot be overemphasized. In the UN Summit’s Outcome Document, developed countries promised that ODA will reach 0.5 per cent of their G by 2010. Based on the BPoA for LDCs, these nations also pledged to provide between 0.15 and 0.20 per cent of their G to LDCs by no later than 2010.

For LDCs, capacity building is essential to create state institutions that are embedded with principles of efficiency, transparency and accountability – and these principles can only take root with the support of enlightened and determined leadership. Good leadership can guide governments to carry out policies that respond to the needs of all members of society; develop and initiate policies that provide security to the population; place priority on functioning rule of law; focus on provision of important social services like education and health; develop a framework conducive to economic growth; empower civil society; and protect the environment.

Despite the fact that the majority of LDCs are now multi-party democracies and have made important advances in electoral processes, effective checks and balances among the different organs of the state still need to be strengthened. The lack of clear separation and independence among the branches of government hampers the ability, right and responsibility of each branch to monitor the others. Often, the executive branch in LDCs is more powerful than the legislature or judiciary.

Even so, the legislative branch frequently is unable to fulfil its duties given the severe lack of human and financial resources. It also suffers because of inadequate representation, autonomy and financial dependence. Parliaments are often bypassed during important decision-making processes such as trade negotiations and the allocation of public resources.

Similarly, judicial systems are often undermined by structural weaknesses entrenched in the system, for example, inadequate financial and operational resources, and subordination to executive power. Furthermore, civil society institutions are not that well organized and developed and face their own multiple challenges and constraints in LDCs. Therefore, they must be developed and strengthened as partners, not substitutes, to the state.

Despite vulnerability to national disasters and an unfavourable land–to-person ratio, the largest LDC in the world, Bangladesh, has made significant progress on the MDGs. The population growth rate
has been drastically brought down, the incidence of poverty has been reduced significantly, major progress has been made in achieving gender equality, especially in education, and infant mortality has been sharply reduced. This success can be attributed to a number of factors. First, institutions for democratic governance have been established. Second, a vibrant civil society/NGO sector has been promoted and has played a major service delivery role. Third, pro-poor policies have been adopted and some innovative social safety nets put in place.

On top of this, the textile quota regime provided Bangladesh an opportunity to build a strong and vibrant export-oriented garment sector that now employs over two million workers, mostly women. This is a classic example of how special and differential treatment to an LDC in international trade can help break the vicious cycle of poverty. Today, however, Bangladesh faces the challenge of adjusting to the post-quota regime. Also, there are indications of growing political polarization and breakdown of transparency and accountability.

In conclusion, governance issues remain crucial elements of all strategies for attainment of MDGs by LDCs. The messages that need to be emphasized and reinforced include: democratic governance expands the range of options for human development; capacity development efforts need to be oriented to the running of a public administration that embodies the core values of democratic governance, including transparency, accountability, predictability, responsiveness and participation; dialogue and cooperation between state and non-state sectors are essential for promoting development and democratic governance; and finally, good global governance that enhances the representation and benefits of LDCs needs to be emphasized. Also, there is a need for more South-South cooperation as well as broader regional and international cooperation, along with special and differential treatment that gives LDCs greater access to global markets combined with substantially larger flows of ODA and debt relief.
Chapter 5  
EXPERIENCES, GOOD PRACTICES AND INNOVATIONS IN GOVERNANCE FOR MDGs

“We recognize the achievements and great potential of South-South cooperation and encourage the promotion of such cooperation, which complements North-South cooperation as an effective contribution to development and as a means to share best practices and provide enhanced technical cooperation.”

—UN General Assembly, 2005 World Summit Outcome, 15 September 2005

Given the time-bound nature of the MDGs, to which the global community at the highest political level stands committed, there are pressures to improve service performance and accelerate growth rates in developing countries by systematically tackling the factors that are currently causing the shortfall in MDG achievements. As highlighted earlier, an important constraint is lack of good governance, particularly economic governance, especially in countries that are off-track. Thus, governments are under pressure to change, improve and innovate, sooner rather than later, in countries that are lagging behind. Pressure to catch up is further exacerbated by factors like globalization and increased democratization, which have altered citizens’ expectations from government. However, bringing about change to improve or to innovate is not an easy task. There is always a preference for the status quo. Added to this are factors like risk aversion, “ad hocism,” delivery pressures, administrative burdens and lack of incentives – all important obstacles to reform. These barriers are abundant in weak institutional environments, where the need to reform is greatest. Overcoming them is the first step most developing countries need to take, with some sense of urgency.

“One size does not fit all” is a common refrain today when talking about policy prescriptions for development. What works in Mali does not necessarily suit the needs of Malaysia. Development priorities in heavily industrialized developing countries can be starkly different from those in SIDS. Therefore, the political autonomy that developing countries have in defining their own priorities and strategies is fundamental to ensuring appropriate and high-impact development efforts. The approach has to be one of learning from global experience and adapting to local conditions.

The desire to improve governance in order to achieve the MDGs has led to a large number of initiatives in a wide variety of countries. Although the MDGs are largely global goals, it is well understood that any progress on them will be the collective result of changes in individual countries, both developed and developing. All elements of the MDG framework – policy, planning, reporting, monitoring, civil society engagement, campaigning, research, localizing of targets – are geared toward creating a compact of responsibility between citizens and their governments, and between developing and developed countries. The greatest value of the MDGs is their ability to generate national debates around implementation prospects, and the obstacles to meeting them, whether these are policies and practices of governments, donors, or international institutions.

This chapter attempts to document and share some of the experiences, good practices and innovations in various dimensions of governance currently underway in countries across the globe in order to promote learning through the sharing of experiences.

5.1 Pro-Poor Policy Framework

A major challenge in the area of policy framework is to ensure that the right mix of correct policies is developed and implemented in a timely manner with the right sequencing. From the human development perspective, policies have to be pro-poor. However, conventional macroeconomic policy instruments – monetary, fiscal, financial or trade – though claiming to be neutral, inherently have a pro-rich bias. This is partly because it has not been easy for many developing countries to work out a mix of pro-poor policies of the type discussed in section 3.1.1 that are suited to their socio-economic and political environment. It is also partly because, in most places, the powerbase within the government that designs and implements policy frameworks is still dominated by the ruling elite.

Box 5.1 presents examples from India and China, two countries achieving high growth with poverty reduction – but with important differences. However, for many countries immediate and medium-term prospects may not be particularly conducive to rapid growth. In those cases the “preferred option”
would be a pattern of modest but sustained growth (though not too slow) for poverty reduction, combined with at least (or no) increase in inequality as policy and reforms can produce. This will require, for example, growth that generates employment, particularly for unskilled workers, and policies for broad-based human capital formation to ensure that the workforce has the appropriate skills to take advantage of new opportunities. At the same time, it will also be important to pursue specific anti-poverty programmes and ensure stronger systems of social protection. This will benefit the poor in the short term as well as prepare the ground for take-off towards faster poverty reduction powered by higher sustained growth.

Examples of such social safety nets are the Korean Employment Insurance Scheme and the Maharastra Employment Guarantee Scheme of India. Both provide a cushion to the unemployed, especially in the rural areas. In their long-term frameworks many countries have used MDGs as an overarching set of goals, which at least raises the possibility of integrating a stronger pro-poor focus within their macroeconomic policy frameworks. As Box 5.2 indicates, the World Bank-initiated Poverty Reduction Strategy Papers (PRSPs) of various countries are beginning to integrate MDGs. This is what is expected: MDGs, being long-term goals, should constitute the objectives of the PRSPs and the papers themselves should outline the strategy for attaining those goals. As such, PRSP should be seen as a medium-term road map for MDG implementation.

As highlighted earlier, sectoral policies are an essential component of a poverty alleviation strategy. A focus on two sectoral areas is critical (UN [2005]). First, agriculture and rural development are essential to promote increased food security and rural livelihoods. Smallholder farmers and their families constitute the majority of the world’s extremely poor and hungry. The most important initial step in escaping rural poverty in most low-income countries is raising the productivity of smallholder farmers through a package of rural interventions that range from investment in soil and water management to provision of infrastructure and agricultural extension services. Second, urban development is necessary to promote more formal...

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<th>Box 5.1</th>
<th>China and India—Impressive Growth with Important Differences</th>
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<td>China and India, together containing a third of the world’s population, have enjoyed tremendous economic growth over the past decade. Their successes in advancing average well-being imply major improvements for a large portion of humanity. But their experiences also point to the importance of looking beyond national averages to understand difference within countries. Both countries have achieved rapid and sustained economic growth. China has enjoyed the fastest sustained economic advance in human history, averaging real per capita growth of eight per cent a year over the past decade. Its per capita income is now $3,976 in purchasing power parity (PPP) terms. Meanwhile, real per capita income in India also grew at a robust rate of 4.4 per cent, reaching $2,358 in 2001. Reflecting their successful economic growth, both countries have seen significant reductions in poverty. Some of the key elements of growth are described below.</td>
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**Liberalization and Market reforms:** China’s exceptional growth is partly explained by its market-based reforms, which started in 1978, well before India’s similar reforms. These reforms have enabled China to integrate with the global economy at a phenomenal pace. Today it is the largest recipient of direct foreign investment among developing countries, with annual investment rising from almost zero in 1978 to about $52 billion in 2002 (nearly five per cent of GDP). Direct foreign investment in India has also increased significantly, though at much lower levels, growing from $129 million in 1991 to $4 billion in 2002 (less than one per cent of GDP).

Robust export growth has contributed to the economic performance of both countries, with a growing dominance of manufactured exports — though again, China has had much more success in this realm. Its exports reached $320 billion in 2001, compared with $35 billion for India. Manufactured exports accounted for 53 per cent of China’s total exports in 1981 and for 90 per cent in 2001. In India that share rose from 60 per cent to 77 per cent. China has had particular success in moving from labour-intensive to technology-intensive exports: telecommunications equipment and computers now account for a quarter of its exports.

**Social investments:** Social investments are required for sustained economic growth. In China public spending on education is 2.3 per cent of GDP while that on health is 2.1 per cent of GDP. The outcomes for human development are clear. Literacy stands at 84 per cent, infant mortality rates at 32 per 1,000 live births and under five mortality rates at 40 per 1,000 live births. India, in contrast, has traditionally had lower spending levels. Health spending stands at 1.3 per cent of GDP. Spending on education has increased significantly, though it is still short of the government target of 6 per cent of GDP. Human development indicators for India remain much lower than for China. Literacy starts at 65 per cent, infant mortality at 64 per 1,000 live births, and under-five mortality rates at 96 per 1,000 live births.

**Regional variations and other challenges:** It would be misleading to talk solely in terms of national averages for two countries so large in population and area. In China the highest economic growth has occurred in the coastal provinces – while the geographically isolated north-western provinces have experienced much lower growth. India also harbours stark regional variations. During the 1990s per capita economic growth ranged from –0.2 per cent in Bihar to 7.8 per cent in Gujarat. Similar variations appear in other human development indicators, like those for education and health. Both countries still face challenges, such as, “jobless” growth and increasing income inequality, and the spread of HIV/AIDS and other sexually transmitted diseases accompanying increased labour migration and international trade. The next generation of reforms will need to focus on fostering a knowledge-based economy to maintain consistently high economic growth as average skill levels increase. Both countries also need to emphasize balanced development by region, communities and ethnic groups. Inclusive public policies should focus on investments in health, education and infrastructure for future development, especially in the relatively backward areas.

Source: Extracted from UNDP (2003)
sector jobs and upgrade slums. The package of policies and investments includes interventions like security of tenure and provision of services.

The role of the donors in policy formulation is also of critical importance. If the policy framework is seen to be imposed from the outside (by the donors), ownership is critically undermined, adversely affecting national commitment. The role of the donors should be strictly supportive, while debate, strategy development, policy design, implementation modalities and monitoring should be totally national.

Another important policy area for MDGs is to contextualize them at the national and eventually the local level as they are achieved at these levels, each with specific contexts and issues. Governments are currently assessing the need to adapt the internationally agreed indicators, tailoring the MDGs to local contexts for monitoring and reporting at the national level. Several countries have shown flexibility with regard to the current MDG indicators and have modified or added to them. Poland and Bulgaria, for example, have decided to use their own poverty measure for Goal 1. Other countries have adapted their indicators to their own specificities, such as disparities among provinces (Argentina), the necessity of aligning the MDGs with other national plans (Lesotho), or the decision to address specific issues such as HIV/AIDS or women’s labour (Armenia) through a disaggregation of data.

Many countries have prepared national Human Development Reports (HDRs) focusing on MDGs. Some have gone a step further by preparing sub-national HDRs. Such reports, with disaggregated data suitable for action at the grass-roots level, can enable the critical shift from analysis to action and lend greater credibility to advocacy for human development. India pioneered the preparation of sub-national reports with the first Madhya Pradesh Human Development Report in 1995. Applying the MDGs at the local level has also proved to be a means for countries to enhance local development projects. Honduras has organized a series of workshops at the municipal level to assist follow-up on the incorporation of the MDGs into the Municipal Strategic Development Plans. A municipality in Paraguay has set a precedent by officially adopting the MDGs at the local level.

Broadly, MDG awareness-raising campaigns in developing countries have focused more on mobilizing resources and budget allocations, and on strengthening human rights, democracy and good governance in the areas specified in the Millennium Declaration. Many campaigns advocate long-term development priorities, rethinking the challenges regarding specific human and institutional conditions in a country. The success of a campaign at the national level depends largely on the commitment among the main development stakeholders. NGO inputs into MDG campaigns have been significant in some countries. Some examples of innovations in advocacy and campaigning for the MDGs are presented in Box 5.3.

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<th>Box 5.2</th>
<th>MDGs Influencing the Macroeconomic and Social Policy Framework</th>
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<td>• Bolivia has aligned its social policy to the MDGs, launching a programme of Education for All, along with Universal Maternal and Child Health Insurance.</td>
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<td>• In Bosnia and Herzegovina, the National Human Development Report (NHDR) is devoted to the MDGs and its conclusions are used as input to the country’s PRSP.</td>
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<td>• Armenia used MDG targets in its Social and Economic Development Programmes.</td>
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<td>• In Yemen, the 2003 budget responded to MDG priorities, increasing the allocation for education by 25 per cent, for health by 56 per cent and for water and sanitation by 66 per cent.</td>
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<td>• In the United Republic of Tanzania, MDGs have provided a long-term planning framework, an important element in view of the fact that the PRSP, which operates within a three-year framework, has not taken centre stage.</td>
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<td>• In Rwanda, MDGs have become the basis of country-specific indicators and targets for an interim PRSP.</td>
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<td>• The MDG Report 2001 in Senegal stimulated significantly greater participation in the PRSP process, along with an effort to conceptualize joint programming on the part of the international community, by focusing on the MDGs at the local level, particularly in poor regions, with significant promise.</td>
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<td>• In Haiti, the interim MDG Report has been used to prepare the country’s 2003/2004 budget.</td>
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resource, making the processes of governance more inclusive, fostering greater use of information while improving the quality of public services, decentralizing (including devolving) power and increased globalization. Some of the key elements of the reform process are reducing the tax burden of good governance as well as the ability of a country to achieve the MDGs and benefit from the private sector. This is required by all developing countries, but the need is more intense in LDCs, while Thailand gives 93 per cent to the countries most in need of support. The growing political significance of the MDGs has encouraged governments to become more interested and involved in reporting. Many developing countries have either prepared MDG reports or have such reports in the pipeline. Governments have started to view the MDG reports as a tool for enhancing their national strategies, integrating them into poverty reduction frameworks, and mobilizing resources from donor countries and the broader development assistance community. Important political commitments have been made by Bhutan, for example, whose report is signed by the Prime Minister. For many developing countries, the MDG reports also serve as an analytical tool for advocacy for both national authorities and civil society.

For developed countries, however, the reporting process and requirements still remains unclear. Goal 8, calling for developed countries to provide an “enabling environment” for developing countries to achieve Goals 1-7, lacks relevant indicators (e.g. elimination of agricultural subsidies) and time-bound benchmarks. Nevertheless, the reporting process is starting to take shape. Denmark is the first country to produce a short “Goal 8 Report.” The Netherlands and Belgium have begun preparation of such reports and both Norway and Sweden have also pledged to prepare an MDG report. In Sweden, CSOs have already started to produce a shadow report that may be available for release prior to the government report.

Besides looking North, for MDGs to be achieved, countries of the South will have to learn from one another and join hands by helping each other in tackling regional development challenges through forums like NEPAD in Africa and ASEAN in Asia, with emphasis on regional trade and infrastructure. A good example of South-South cooperation for the attainment of MDGs is Thailand’s effort to support its neighbours. Thailand offers better trade concessions and provides more as a percentage of its income to LDCs than many European countries. Its overseas development assistance amounted to 0.13 per cent of its G in 2003, not far behind Japan at (0.20 per cent), Italy (0.17 per cent) and the United States (0.15 per cent). OECD countries, on average, give only 33 per cent of their ODA to LDCs, while Thailand gives 93 per cent to the countries most in need of support.

Finally, sustainable growth and poverty reduction have to be anchored in a resilient and booming private sector. As such, there is a need to provide a policy framework for strengthening and promoting the private sector. This is required by all developing countries, but the need is more intense in countries in transition, in conflict or emerging from conflict. An example of good practice in this area is Viet Nam’s effort to bolster employment through liberalization of the private sector. Through legal and administrative reforms, in three years Viet Nam has created 1.5 million new jobs, licensed some 55,790 new businesses and registered new capital of about $6.7 billion.

5.2 Public Administration and Civil Services

There are many elements of public sector reform that affect the institutionalization and consolidation of good governance as well as the ability of a country to achieve the MDGs and benefit from increased globalization. Some of the key elements of the reform process are reducing the tax burden while improving the quality of public services, decentralizing (including devolving) power and resources, making the processes of governance more inclusive, fostering greater use of information

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<th>Box 5.3</th>
<th>Advocacy and Awareness Building for MDGs</th>
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<td>• Armenia’s public awareness campaign, featuring a series of TV programmes and interviews, along with production of a documentary on nationwide MDG status, have spurred the joint preparation of a new national set of indicators by focal ministries and the CSOs.</td>
<td>• Bolivia has developed an interactive game on MDGs and some concepts of the human development approach for young people.</td>
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<td>• Albania organized a series of MDG Regional Advocacy Tours, in collaboration with the UN Country Team, to bring MDGs to the local level. To ensure large-scale participation, Public Internet Access Points, Hotline TV Programmes, and local stakeholders meetings were arranged.</td>
<td>• In Ukraine, 250 youth leaders aged 15 to 19, constituting themselves as the Ukraine MDGnet, prepared a report on MDGs, specifying conclusions and recommendations, and presented it to the parliament.</td>
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<td>• Mauritius used a civil society forum to publicize the MDGs.</td>
<td>• There have also been various innovative instruments used in different countries for advocacy and awareness building: postage stamps based on eight MDGs and stalls on eight MDGs in the public exhibition on UN Day 2002 (Uganda); MDG Desk Calendars 2002 (Ukraine); MDG Graffiti Day for young people and an MDG T-shirt (Bulgaria); a 15-minute cartoon (Mauritius); and a UN Mobile Training Team (Albania).</td>
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<td>• Mali involved public personalities/celebrities in their campaign, using soccer champions to promote HIV/AIDS awareness.</td>
<td>• Albanian organized a series of MDG Regional Advocacy Tours, in collaboration with the UN Country Team, to bring MDGs to the local level. To ensure large-scale participation, Public Internet Access Points, Hotline TV Programmes, and local stakeholders meetings were arranged.</td>
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Source: Jehan (2003); NGLS (2003)
technologies, and protecting the rights of individuals and groups against a paternalistic bureaucratic state. Emphasis is on process (downsizing, outsourcing, contracting-out), empowering, serving and earning rather than spending (Cheema [2005]).

Essentially, there are four “building blocks” to improve public sector capacity in developing countries: (1) strong central capacity for formulating and coordinating policy; (2) reform of institutions for the delivery of services; (3) motivated and capable staff, selected based on the highest qualifications at the entry level, intensive training, merit in the system of promotion and incentives, and the commitment of political leadership; and (4) effective mechanisms for interface between public sector agencies and people’s organizations. Countries around the world are attempting reform in each of these areas, with varying degrees of success. Uganda constitutes a good example of such efforts. In 1989, the government established a commission to examine the structure and role of the public sector and to suggest strategies for reforming it. The idea for reform emanated from the new political elite – the rebel movement – and was intended to transform economic and social life in Uganda. The comprehensive reform package had seven objectives: first, rationalization of government structures and functions; second, reduction in the size of the public service; third, enhancement in salaries of public servants in order to increase motivation and result-orientation in government organizations; fourth, training, capacity building and human resource development; fifth, a system of management information and control; sixth, constitutional reform; and finally, major reforms of the health and education sectors.

Timor Leste offers an example of strengthening capacity for formulating and coordinating policy in a difficult post-conflict situation. Following independence, the new country had neither the bureaucratic capacity nor the relevant knowledge to formulate development policies, to implement programmes or to coordinate donor efforts. Yet by 2002, it had not only completed a National Poverty Assessment, but also drafted a National Development Plan aligned towards achievement of the MDGs.

There are a number of examples of good practices to reform institutions for the delivery of services – the second block of reforms. In order to improve the quality of public services and the responsiveness of officials, several complementary reforms have been introduced in Malaysia. This includes “Client/counter services” through one-stop bill payment centres, an on-line, real time government-wide computer system and special telephone lines to provide information about government services. A “Client Charter” was introduced in 1993 to create customer orientation among public officials. Government agencies undertake periodic reviews of their work processes and systems. Officials are expected to provide information about the quality of services provided by them. Total Quality Management (TQM) emphasizes the need for satisfaction of all customers and stakeholders in all government operations. The government issued Guidelines on Quality Control Circles, which required government agencies to establish circles for mobilizing expertise, experience and employee creativity in order to provide better services to the people. Subsequently Guidelines on TQM were issued that included a quality suggestion system, a quality procedure, quality inspection, a quality day, a quality slogan, feedback on quality, and quality information. Some other examples of improvement in institutional structure for efficient service delivery are presented in Box 5.4.

A service delivery programme cannot be introduced isolated from other fundamental changes within the public service. Improving service delivery also calls for a shift away from inward-looking, bureaucratic systems, processes and attitudes, and a search for new ways of working that put the needs of the public first, and that are better, faster and more responsive to citizens’ needs.

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**Box 5.4 Examples of Increasing Public Service Efficiency**

- Naga City in the Philippines has ensured equitable and efficient delivery of services using e-government as a tool for equitable service delivery in 18 categories, with goals ranging from growth to equity-building. Included are a Citizen’s Charter and a Net Serve for investors and clients, including the urban poor, social welfare beneficiaries and recipients of education and health services.
- Uruguay’s TQM, the National De-bureaucratization Programme, led to savings of over $20 million in public services when it introduced a new accounting and financial management law and revised administrative procedures. The computerized registration of revenue-generating organizations and individuals reduced fiscal evasion and simplified record keeping.
- China, with its transition into a global market economy and entry into the World Trade Organization, increased competitiveness of enterprises through efficiency and quality improvement in customs administration, thereby facilitating trade.
- Chile’s Internal Revenue Service has developed a unique means of using an e-government application that encourages tax compliance, lowers costs and increases trust in government, thereby creating more resources for development.
objects of service delivery should include welfare, equity and efficiency. To this affect, South Africa has introduced Police Service reforms, initiating a Rural Community Safety Centre and Mobile Police Units as means of doing more with limited resources (see Box 5.5). Brazil has introduced Citizens Assistance Centres (SACs) (see Box 5.6).

Turning next to the third block of civil service reforms, over the past few decades many developing countries have initiated institution-building programmes aimed at enhancing the skills and knowledge of personnel to improve their job performance; changing the structure and culture of the organization and the way it is managed; specifying the mission of the organization; and improving the quality and timeliness of the products and services provided. The Ministry of Civil Services and Administrative Reforms (MINFORPA) in Cameroon, for example, launched the project AQUARIUM of SIGIPES to enable public service clients to obtain general information without disturbing the work of the staff. This innovation – computerization of personnel records and a room with computers for the use of public servants (the Aquarium) – has not only simplified the process of treating personnel cases, but also promoted transparency and minimized the incidence of corruption in public service. Likewise, in Bolivia, the customs administration was reformed, in part by hiring staff through public announcements, based on professional experience and merit.

### Box 5.5 South Africa Police Service: “Doing More With Less”

Meeting the basic needs of all citizens is one of the five key programmes of the Government’s Reconstruction and Development Programme. The South African Cabinet decided in July 1999 to make the acceleration of public services one of its key priorities. Particular importance was given to accelerating service delivery to communities in the rural and far flung areas that needed greater access to quality services.

The social political transformation in South Africa necessitated a new vision to create a safe and secure environment for the people. Fundamental changes were required to achieve this vision. The Northern Province, which comprises 89 per cent of the rural areas, is the poorest province, with a 46 per cent unemployment rate. The province had 53 per cent of all social crimes, most of them committed against women and children in the rural areas. The challenge was tackling these crimes with little or no policing. The general weaknesses of policing in the Northern Province are compounded by the deep rural environment by the geographic isolation and topography of many of these areas, a lack of infrastructure, and the resource and capacity constraints of the police. The Head of Strategic Management of the Province realized that traditional policing methods applied in the urbanized areas would not work in the rural areas. Also, as the South Africa police force was experiencing budget cutbacks and building new stations, recruiting new members was not possible. The challenge “to do more with less” was met by establishment of The Rural Mobile Community Safety Centre. This is a police station on wheels that aims to improve the quality of contract and thereby providing reassurance through a more visible and accessible police presence within rural communities. Run-down vehicles were modified to reach distant parts, bringing justice rights to people’s doorsteps.

The Rural Community Safety Centre provided a visible policing service to the most isolated and remote villages within the Northern Province. Officers staffing the mobile services visited villages on a prearranged schedule to allow residents to make known their grievances, while at the same time providing crime prevention and victim empowerment services, registering case dockets in rape cases, and making arrests for social and other crimes.

The Mobile Community Safety Centres are specially designed to serve communities that have long been marginalized. They restore hope in the rural areas that the government is reaching out to them and partnerships were formed with the Police Service to fight rural crime. Village Chiefs, visited and consulted during each visit, themselves kept registers of the visits. The programme was so successful that when the time came to release the Mobile Units for use in the next village, the Chiefs requested their extension.

**Source:** UNDESA (2005)

### Box 5.6 Making Service Delivery more Efficient and Equitable—One-Stop Shops in Brazil

The Bahia State Government started the implementation of the first Citizens’ Assistance Service (SAC) unit in 1995. SAC is a pioneering initiative that introduces an innovative concept in delivery of public services. By integrating functions of public services and forging partnerships with the private sector, One-Stop Shop Centres have been created that offer citizens the services that they most need and use. Partners range from federal, state and municipal agencies to private companies offering services to citizen. To promote social equity, mobile units have been introduced to reach the remote and deprived communities. The SAC Mobile Documents Units provide services like issuance of birth certificates, ID cards, and labour IDs. Mobile Health Units offer services like eyeglasses assembly, a general clinic, gynaecologists, a cytology lab, and dentistry. The SAC Mobile Health Units, which remain in a community for two weeks, carry PCs that contain patients’ data. The SAC system comprises 22 fixed units, two Mobile Documents Units and nine Mobile Health Units. It is an effective, citizen-focused delivery innovation that concentrates on meeting the needs of clients from all backgrounds, using available public resources, through a user-responsive approach to service delivery.

In Malaysia, a number of measures were introduced to improve the performance of individual civil servants, including new practices to recruit and retain staff, a new performance appraisal system, a remuneration system that provided performance incentives, increased opportunities for staff training and development, equal employment and promotion opportunities for women, and a new public service code of conduct. Public Service Innovation Awards and Excellent Service Awards were introduced to encourage and reward innovations and high-level performance. Singapore has offered high market-based salaries and benefits to public officials to promote efficiency and reduce leakages.
Efforts are also underway to improve the skills and capabilities of public servants. Examples of successful management development institutions include The National Institute of Public Administration (INTAN) in Malaysia, which offers training programmes at all levels as an integral part of the country’s public sector reforms. In addition, the government has been awarding scholarships for advanced study abroad to develop technical skills and specializations to meet the requirements of a global economy. The government has also encouraged the participation of civil servants in workshops and seminars organized by the private sector, to improve their understanding of the corporate world and its management culture. Some government officials were seconded to jobs in multinational corporations.

The role of the donors in capacity building can be very productive, particularly in developing countries with weak administrative structures. Usually, lack of relevant, target-specific information – due to capacity-constrained statistical/data organizations – is the first hurdle practitioners face in designing and implementing useful policies. This is compounded by a dearth of analytical ability and capability to design such policies. An example is the UNDP-supported initiative for preparation of the MDG report in Viet Nam, which not only presented local and disaggregated data but also thought-provoking analysis. The report produced a number of innovative MDG indices and related MDG maps of the country.

Turning next to the last block of effective mechanisms for interface between the public sector agencies and the people, international experience demonstrates the success of the application of information and communication technology (ICT). Countries will be able to move more rapidly towards the MDGs if they can make better use of ICT. Elements of “e-governance” can not only make services more efficient but also, by making government functions more transparent, alter the relationship between citizens and the state. E-government can improve the flow of information, reduce costs and introduce competition in the delivery of services by simplifying access. More importantly, ICT opens up the possibility of improved communication within the government, enabling better and quicker decision making and greater efficiency. Some examples of areas in which governments can use ICT to interact more effectively with their citizens are:

- **Public grievances** – regarding electricity, water, telephone, sanitation, public transport, police;
- **Rural and agricultural services** – land records; information on seeds, pesticides, fertilizers and crop diseases, weather forecasts; market prices;
- **Police** – lodging of first information report; accessing information on lost and found property and persons;
- **Social services** – payment of old-age and widows’ pensions, ex-gratia payments, acquisition/rehabilitation and compensation, registration of licenses and certificates, death certificates, domicile certificates, registration of documents, school/university registration, motor vehicle registration, renewal of driving licenses;
- **Public information** – employment exchange registration, employment opportunities, examination results, hospital/beds availability, railway/airline/road transport timetables, government notifications, government forms, government schemes;
- **Utility payments** – for electricity, water, telephone etc.

Some countries have already made headway in the use of ICT and this has had a significant impact on increasing efficiency in the delivery of services and in reducing corruption. An example of such application is the computerization of land records (*Bhoomi*) in Karnataka (India), involving 20 million records of land owned by 6.7 million farmers, thereby ensuring proper registration of deeds, curtailing corruption and facilitating the operation of the land market. Another example of increased transparency is the Computer-Aided Registration of Deeds (CARD) scheme in Andhra Pradesh (India) which allows property deeds to be registered at 240 offices in a couple of hours instead of several days as in the old, manual system. Also, ICT has created the potential for a better flow of information to rural communities, thus empowering them. The availability of internet facilities and the infrastructure associated with e-governance is also bringing benefits to women by providing them easier access to information and encouraging their greater participation in decision making. The advantages and benefits of proper and innovative use of e-governance can be enormous for difficult-to-access small island countries also. Examples include the People First Network, an innovative grass-roots initiative that links different parts of the Solomon Islands, one of the poorest nations in the Pacific, to the capital and thereby allows easy communication and access to information such as market prices of agricultural products.
Overall, good practices and positive innovations in public administration such as those discussed above depend, in part, on the level of investment in public-sector management systems. Even when political elites show a strong disposition towards goods governance, public management in poor countries tends to suffer greatly from a lack of trained managers, poor information systems, rigid civil service procedures, and the lack of budgets to address the concerns. Hiring freezes affecting the civil service or across-the board reductions in forces and budgets lead to more problems in improving public management processes. Governance problems tend to get worse as one moves down from the national capital, to provinces, to districts, to towns and villages. Given this backdrop, the UN Millennium Project strongly urges that investments in public management should go hand-in-hand with scaled-up investments in health, education, infrastructure and other key sectors. Investment priorities include: (1) salary increases for and upgrading of senior managers; (2) capacity building at the local level for district officers in implementation of MDG scale-up investment plans; (3) IT-based public management systems to put government processes on-line; (4) a commitment to e-governance, especially on-line programmes for issuing licenses, birth certificates, work permits, and other data retrieval operations of the public sector; (5) on-line, transparent procurement processes; (6) systematic publication of budgetary expenditures and transfers to local governments; (7) collection and management of census and other survey data; and (8) results-based budgeting.

5.3 Decentralization and Delivery of Services

In an effort to improve service delivery and introduce efficiency and equity in service provision, a number of experiments are underway globally. There are two broad over-arching trends which emanate from the study of these international experiences: one is the trend towards decentralization of service provision, bringing governments and thereby service delivery closer to the people. The second is the broadening of the base of service providers to build an inclusive society and move towards greater participation of the traditionally “voiceless.”

There has been a progressive and sweeping wave of decentralization in Asia, and to some extent in Africa during the last two decades. A cursory review of this process reveals that decentralization reforms have been introduced in countries ruled by all kinds of regimes, ranging from military dictatorships, authoritarian presidencies and monarchies, through single-party or dominant party systems, to multi-party democracies. For example, elected, democratic local governments have been introduced by military regimes, as in Bangladesh in the 1980s and in Pakistan more recently. As opposed to this, technocratic, administrative de-concentration has taken place in otherwise democratic set-ups, as in Indonesia during the late 1990s.

The motivations for decentralization have been diverse and manifold. A movement towards democratic decentralization has been driven by the need to deepen the process of democracy by giving citizens a greater say in matters that have an impact on their daily lives. This has been referred to as bringing government to the “doorsteps” of the people or promoting “grass-roots” democracy. The 73rd Amendment to the Indian Constitution in 1993, leading to the establishment of the Panchayati Raj (village assembly), can be interpreted as one such move. These village councils were expected to become the implementation agencies for government programmes and include reserved seats for women and the scheduled castes.

In the African context also, the overall trend is towards advancement of democracy. Although there are different levels of transparency, legitimacy, accountability and central control, a good proportion of the countries cannot now be characterized formally as dictatorships. Also, in general, the process of decentralization and the move towards local governments has been initiated. However the process is being defined and implemented in many different ways, mostly due to the great contextual diversity across nations in terms of level of development, culture, colonial history, degree of ethnic homogeneity and institutional structure and procedures. In most West African countries, particularly in previously assimilated Francophone ones, the forms of decentralization inherited from the colonial system have remained the mainstay of their administrative structure (UNDESA [2003]). For example, Ghana has major programmes of decentralization currently underway. Nigeria is strengthening its federal system by increasing the number of states and giving them more functions. Gambia has promulgated new laws further empowering local governments, while Sierra Leone is in the process of reviewing and strengthening the legislation and administrative setup of its local bodies.

Though almost all of these countries have had major teething problems in their decentralization efforts, the “joint action” local governance approach, an experiment in the Kilimanjaro region of the
United Republic of Tanzania that brings the local government, the private sector and CSOs together for local area development, is an example of good practice (see Box 5.7). Likewise, a partnership among three stakeholders, the government, SONEES (the national water and sewerage utility) and SDC (a private sector operator) has yielded major success in improving water supply in urban areas in Senegal. Such a collaboration among different stakeholders has been successful in improving services in other developing countries as well.

The involvement of civil society institutions (CBOs and private sector companies) in local governance through a participatory framework has also resulted in successful outcomes in Asia. Examples include SEILA, in Cambodia, which started as an experiment in decentralized rural development planning, financing and local development and is today the country’s largest initiative to support decentralization; and the Participatory District Development Programme (PDDP) of Nepal, which aims at empowering the people through decentralization and social mobilization (see Box 5.8). Another interesting example of local partnership in support of local initiatives is the Local Initiative for the Urban Environment (LIFE), supported by UNDP in twelve countries. There are three stages of programme development in each of the selected countries: (1) upstream – catalyzing national dialogue, developing strategies, and gathering support; (2) downstream – ensuring effective and collaborative small projects; and (3) disseminating and exchanging information nationally and internationally (Cheema [2005]).

### Box 5.7
**A Local Governance Approach: “Joint Action” Experiment in Tanzania**

In the United Republic of Tanzania, at the district and community levels, the private sector and civil society exist in isolated patches. Although local government is established through District Councils, internal and downward accountability is lacking, upward accountability (towards central government) being still dominant. The relationship among the three stakeholders is characterized by conflict, competition over resources, avoidance and sometimes real hostility. To address these challenges, PAJOMA, a local NGO, developed “joint action” schemes to encourage cooperation. Those schemes were implemented in different sectors (governance, education, water management) at different levels (community, district).

“Joint action” aims at establishing equitable partnerships at the local level among local government, the private sector and civil society. The goal is to achieve common development objectives (poverty reduction, environmental protection, service delivery, etc.) through participatory decision-making, planning, execution and evaluation. PAJOMA established a first District Advisory Committee (DAC), a multi-stakeholders platform, in 1998. The DAC brings together one representative each from the District Council, the (organized) district NGO network and the rural Chamber of Commerce, thus creating a joint committee. Members of Parliament are additional members, due to their influence in rural areas. The DAC is chaired by the District Commissioner, the political head of the district, appointed by the central government. It is seen as a means of introducing the concept of the roles and functions of all three parties – the local government, the private sector and civil society. A similar initiative was also tested in Pakistan. However, the view in Pakistan was that the DAC should be chaired by a publicly-elected representative, not by someone appointed by the central government.

The DAC’s mandate is: information sharing, to increase the effectiveness of service delivery and create trust among partners; dialogue, in order to air and discuss grievances and concerns and thus build confidence; coordination of development endeavours to avoid conflicts, search for complementarities, and improve efficiency, in order to reach consensus on development priorities for the district; collaboration to manage or implement a strategy within a common framework if there is consensus.

The initial experience has since been expanded to three more districts. Currently, the DAC is mainly focused on its role of providing a platform for dialogue, although efforts to further enhance its development coordination role have been initiated. Even if the DAC has not, so far, met all the expectations, it has created an enabling environment for cooperation, helping to narrow the public-private gap.

**Source:** UNDESA (2005)

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### Box 5.8
**Improving Local Government through Collaboration—Examples from Cambodia and Nepal**

**The SEILA Programme of Cambodia:** The emerging economic and political environment in Cambodia in the mid-90s required new approaches to consolidate the fragile peace and lay the foundations for more sustainable development. Development activities centred on the re-integration of combatants through community development activities, under the aegis of the CAREERE program. In time, these activities had to be superseded by a development strategy that would be more sustainable financially, foster ownership, build local capacity and establish effective institutions. The successor SEILA programme focused on creating a secure environment conducive to reconciliation between the new government and communities. The SEILA programme now covers all of Cambodia’s provinces, comprising 1621 communes, and has become the Royal Government’s platform for implementing its decentralization programme, including recent commune elections for the first time.

Establishment of development committees at the village, commune and district levels at the earliest stages of the reconciliation process provided an appropriate framework for restoring state authority in formerly war-torn areas. Flexibility in design and implementation was a key element of the programme. This programme has the potential of being replicated in the African context in post-conflict situations.

**The Participatory District Development Programme (PDDP) of Nepal:** This programme aims at empowering the people through decentralization and social mobilization. Its main objectives are the development of local body capacity for planning,
Given the importance of the social sectors – education, health, gender and environment – and the special focus of MDGs on these sectors, it is urgent to enhance their priority within the national development framework. Investments need to be made and interventions undertaken to expand access, improve quality and increase affordability. Each sector has to have its own sectoral development strategy. However, given the interdependence of the sectors, efforts to maximize synergies among sectors will be essential. The Millennium Project (2005) has emphasized the following sectoral good practices:

**Education: ensuring universal primary, expanded post primary and expanded higher education**

In many countries, this will require political transformation to support an inclusive and egalitarian society and changes in the institutional and political incentives that now undermine the performance of school systems. In part, governments should create and reinforce rules and rights that enable parents and communities to hold their local schools accountable; improve the content, quality, mode of delivery, and relevance of curricula while eliminating gender biases; build schools and train teachers where necessary; eliminate primary school fees; and institute special incentives to reach vulnerable out-of-school children. Governments should also recognize CSOs as legitimate partners in debates about the education system.

In an example of successful government intervention in education, Bangladesh accomplished the difficult task of expanding access to primary and, to some degree, secondary education for the poor and for girls. This success resulted from both supply and demand side factors. On the supply side, massive investment in schools, materials, teachers and administration were made as a result of continued government commitment and priority for the sector. Though highly centralized in planning and policy, education is unusually pluralistic in terms of its provision in Bangladesh. Over the years, policies to permit non-state provision have enabled the government to capitalize on strong community support and NGO’s non-formal programmes in the primary sector, and to foster public-private partnerships in the secondary sector. The demand side interventions included: the Food for Education Programme, which gave children from selected poor families monthly wheat grants in return for regular school attendance; and the Female Stipend Programme, which provided scholarships for girls to attend secondary school.

**Health: ensuring universal access to health services**

Health interventions are best provided through an integrated district health system centred on primary care and first-level referral hospitals, with special measures to ensure that the health system reaches all groups in the population, including the poor and marginalized. The number of doctors and the coverage of anti-retroviral treatments for HIV/AIDS are exceedingly low in the places most affected by endemic diseases. Practical investments and policies for a functioning health system include training and retaining competent, motivated health workers, strengthening management systems, providing adequate supplies of essential drugs, and building clinics and laboratory facilities. Eliminating user fees for essential health services, improving community health education, promoting behaviour change, and involving communities in decision making and service delivery are also critical measures. There is increasing international consensus, for example, that community workers should be trained to recognize and treat diarrhoea, pneumonia, and malaria in children. Effective planning and management of district-level health systems requires an integrated monitoring, surveillance and evaluation system.

Iran’s success in eliminating regional inequality in health through a network of village-level health houses staffed with health workers recruited from local communities, and Thailand’s efforts to make health care affordable through the 30 baht-per-visit health insurance scheme are likewise worth noting.

**Environment: investing in improved resource management**

Countries should integrate environmental strategies into all sector policies, promote direct investments in environmental management, promote regulator and market reforms to reduce environmental degradation, and improve environmental monitoring. In each of these areas of
intervention, countries will have to consider their growing need to adapt to climate change. Examples of direct investments in environmental management are replanting forests, treating wastewater, curbing chemical pollution, and conserving critical ecosystems. Well-designed sector strategies, including those of agricultural and infrastructure services, can use strategic impact assessments to minimize negative environmental tradeoffs. The removal of environmentally damaging subsidies can further improve environmental management.

Nepal’s Rural Energy Development Programme (REDP), a locally-led approach to rural/renewable energy that aims at enhancing livelihoods and alleviating poverty, primarily by promoting micro-hydro technologies, has significant illustrative value.

**Gender equality: investing to overcome pervasive gender bias**

Specific interventions to address gender inequality should be an intrinsic part of all MDG-based investment packages. These packages should also address systemic challenges such as protection of sexual and reproductive health and rights (including access to information and family planning services); equal access to economic assets such as land and housing; increased primary school completion and expanded access to post primary education for girls; equal labour market opportunities; freedom from violence; and increased representation at all levels of governance. One essential step to addressing these systemic challenges is the collection of gender-disaggregated data for monitoring progress.

For women’s empowerment, in Pakistan, enhancement of economic opportunity through micro-credit and capacity building of elected women councillors are examples of good practices that are relevant in many developing country contexts and hold potential as high-impact areas for donor concentration.

5.4 Accountability and Transparency

In the context of service delivery, there are three sets of actors to be considered when looking at accountability: people (patients in clinics, students in schools, consumers of water and clients of services); providers of services (frontline professionals, e.g. school teachers, doctors, water company personnel, and organizational providers, including the departments of health, education and water); and finally, policy makers and politicians.

In an ideal world, these three sets of actors would be linked in a relationship of power and accountability. Citizens would exercise “voice” over politicians. Policy-makers would have a “compact” with organizational providers. Organization providers would “manage” frontline providers and clients would exercise “client power” through interaction with frontline providers. Weakness in any relationship results in service failure. Providers can be made directly accountable to clients (as in market transactions) by delegating powers directly to citizens or communities. As the World Development Report (2004) puts it, this can be the “short” route to accountability. However, in most developing countries public sector involvement is likely to continue as the probable service delivery scenario. In this case, the power of “voice,” the effectiveness of “compact,” the capability to “manage,” and the exercise of “client power” determine the success of accountability and thereby service provision.

Citizens’ voice in society and participation in politics connects them to the people who represent the state – the policy makers and politicians. In principle, citizens, including the poor, contribute to defining society’s collective objectives and try to control public action to achieve those objectives. In practice, this does not always work. Either they are excluded from the formulation of collective objectives or they cannot influence public action because of weakness in – or absence of – electoral systems. The latter is the case in non-democratic governments. Therefore, the first step for empowering citizens and increasing accountability is to initiate democratic governance. Elections, informed voting and other traditional voice mechanisms should be strengthened because these processes – and the information they generate – can make political commitments more credible, helping to produce better service outcomes.

It is encouraging to see countries, even those in very difficult circumstances, making a leap forward towards democratic governance. The UN has played a vital role in this by helping a number of nations to take the first pivotal step towards democratization – holding elections. A good example is Timor-Leste. In the case of this newly independent state, the integrated approach of the UNDP election assistance project lent it flexibility in catering to both stakeholder and donor needs while building
sustainable capacity and promoting civic education and involvement. As highlighted earlier, democracy is not synonymous to elections: “one election does not a democracy make.” Based on this ideology the Indonesian Electoral Support Programme of the UNDP not only facilitated a nationally-owned and managed election in the context of socio-political upheaval and virtually no election authority, but also provided post-election support in the form of a Partnership of Governance reforms – a long-term programme of consolidating representative and responsive governance (UNDP [2003]).

An important manifestation of the weakness of the “compact” is the prevalence of corruption in many countries. It is also a problem where there are no quick fixes and piecemeal reforms are not likely to make a difference. Partial solutions can offer some help to countries with strong government traditions. Rondinelli and Cheema (2003) discuss general rules for successful reforms. These include:

- Create strong political will, a critical starting point for sustainable and effective anti-corruption programmes.
- Focus on prevention and changing systems through changing values, creating a culture of professionalism and training, providing adequate pay, and ensuring deterrence.
- Identify the government activities most prone to corruption and review both substantive law and administrative procedures.
- Enforce accountability mechanisms and learn from good practices and examples of others.
- Enact comprehensive anti-corruption legislation.
- Establish broad ownership of reforms, among other things, by creating strong partnerships with civil society and the private sector.
- Make corruption high risk and low profit.

Some countries have enacted and implemented successful innovative anticorruption policies and programmes. Examples include Seoul City Government's adoption of the Integrity Pact, whereby the city government and companies submitting bids agree not to offer or accept bribes in public contracts. All bidders for the city's construction projects, technical services and procurement are required to sign the pact, which is monitored by the IP Ombudsmen. Likewise, Botswana’s efforts have also been successful in curbing corruption through the establishment of the Directorate on Corruption and Economic Crime (DCEC). DCEC is operationally and financial independent with strong prosecution powers that make it effective. It can investigate and prosecute offenders, prepare strategies to combat corruption, and provide public education and training. With a high conviction rate and collection of fines in excess of its operation costs, DCEC is perceived in the region to be a good practice in combating corruption in a democratic country.
Civil society, including media, has a particularly crucial role to play in fighting corruption and must be empowered by knowledge and public support. The greater the information and research, the more convinced the public becomes of the need for action. The greater the public support, the greater the influence of CSOs. Awareness raising, therefore, has to be a priority from the start. Efforts include the deepening of public awareness on the prevalence of corrupt practices, strengthening understanding of the damage caused by corruption and securing realistic expectations of what can be done to curb corruption. Box 5.9 gives illustrations of how community initiatives in India were able to monitor government and hold it accountable for its actions.

Other efforts are also underway globally to curb the menace of corruption. The thrust of these efforts is the use of ICT, which not only provides open access to government information but, through dynamic and interactive methods, enables citizens to become part of government processes and decision making. In the Republic of Korea, for example, the Public Procurement Service has overhauled the entire procurement system by introducing e-Procurement – an electronic system covering all the stages in a procurement cycle. The procedures that were in place previously not only made the whole process cumbersome and inefficient, but were also susceptible to manipulation by corrupt elements. Reforms have improved efficiency by greatly reducing the lead time for procurement services, decreased costs (savings amounted to approximately $273 million per year) and rooted out sources of irregularities and corruption by making the procurement process more transparent.

Though corruption is most effectively dealt with at the national level, fruitful efforts are also underway at the regional level to learn from experience and evolve joint strategies to curb and monitor corruption. An Action Plan for Asia and the Pacific against corruption was adopted in Tokyo in 2000 by representatives of the countries in the region as a result of an ADB/OECD initiative. It has three pillars: developing effective and transparent systems of public service; strengthening anti-bribery action and business operations; and supporting active public involvement. Likewise, African countries have great expectations from the African Union Convention on Preventing and Combating Corruption, adopted in Maputo, Mozambique in 2003 and ratified by at least 15 African countries. This convention will enhance cooperation among governments and help standardize the way in which each individual country will deal with corruption in its national context.

Turning next to the effectiveness of “client-power,” when a government is indifferent, citizens who have elected it and pay for government services cannot and should not remain quiet when essential services are in disarray and public accountability is lacking. It was against this background that a group of citizens in India launched a “Citizen Report Card” (CRC) on public services in Bangalore in 1994. The CRC represents an assessment of the city’s public services from the perspective of its citizens. As the users of these services they can provide useful feedback on their quality, efficiency, and adequacy, and on the problems faced in interactions with service providers. The resultant pattern of ratings (based on

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**Box 5.9 Examples of Monitoring Government Accountability**

Parivartan is a Delhi-based citizens’ movement that aims to promote just, transparent and accountable governance through social audits. Its website opens with the statement “India is a democracy. People are masters. Government exists to serve the people. It is the primary duty of any master to take a look at the accounts of the servant at regular intervals and hold the servant accountable. A social audit is a step in that direction.”

Parivartan takes advantage of India’s freedom of information laws to gather data on public works. In 2002, for example, it collected records of all civil works done by the Municipal Corporation of Delhi in the area of Sundernagar and New Seemapur and asked local people what had actually happened, discovering that much of the work was incomplete or of low quality. Then it organized a public hearing (jan sunwai) attended by over 1,000 local residents along with journalists and eminent personalities. Contracts were read out and residents testified on the results. The audit found, for instance, that although 29 hand pumps with electric motors were supposed to have been installed, in fact only 14 hand pumps – and no electric motors – had actually been put in place.

Since then local people have insisted on monitoring construction work and in a number of cases have had it stopped because of low quality or the use of sub-standard materials. The Delhi Government and the Municipal Corporation have also passed orders that all contracts must now be made public before the work is carried out.

The MKSS is a grassroots organization based in Rajasthan made up of local residents and a handful of committed activists from other parts of India. One of MKSS’s most important innovations has been the development of a collective method for analysing official information. In a series of jan sunwais or public hearings, detailed accounts derived from official expenditure records or other supporting documents are read aloud to assembled villagers. Local people are invited to give testimony, which highlights discrepancies between the official record and their own statements as labourers on public works projects, applicants for means-tested anti-poverty schemes or consumers in ration shops. Through this form of social audit many people found that they had been listed as beneficiaries of anti-poverty schemes but had never received any benefits, or that payments had been made to local contractors for work that had never been completed. The jan sunwais led to the exposure of corruption by local politicians, government engineers and private contractors and demonstrated the potential of collective public action among groups which normally shun organized political activity.

public satisfaction) is then converted into a “report card” on the city’s services. This initiative created strong public pressure, which eventually led to major reforms in service delivery (see Box 5.10).

**Box 5.10 Holding the State to Account through Citizen Report Cards – India**

The first report card on Bangalore’s public agencies in 1994 covered municipal services – water supply, electricity, telecommunications and transport. Since then, the Public Affairs Centre (PAC), set up in Bangalore by a small group of citizens, has brought out report cards on several other cities, rural services, and specific sectoral services such as health care.

The findings of the first CRC on Bangalore were most striking. Almost all the public service providers received low ratings from the people. Agencies were rated and compared in terms of public satisfaction, corruption and responsiveness. The media publicity that the findings received and the public discussions that followed brought the issue of public services out into the open. Civil society groups began to organize themselves to voice their demands for better performance. Some of the public agencies responded to these demands and took steps to improve their services. The inter-agency comparisons and the associated public glare seem to have contributed to this outcome. When the second report card on Bangalore came out in 1999, these improvements were reflected in the somewhat better ratings that the agencies received. Still, several agencies remained indifferent and corruption levels continued to be high.

The third CRC on Bangalore, in 2003, showed a surprising turnaround in the city’s services. It noted a remarkable rise in the citizens’ ratings of almost all the agencies. Not only did public satisfaction improve across the board, but incidences of corruption seemed to have declined perceptibly in the routine transactions between the public and the agencies. It is clear that more decisive steps were taken by the agencies to improve services between 1999 and 2003.

Besides the demand side efforts that led to the success of the initiative, supply side efforts were initiated by politicians. The new Chief Minister, who was very much concerned about the public dissatisfaction with the city’s services, set in motion new mechanisms such as the “Bangalore Agenda Task Force,” a forum for public-private partnerships that helped energize the agencies and assisted in upgrading services. Civil society groups and the media supported and monitored these efforts.

What is significant is that these actions were initially triggered largely by the “Citizen Report Cards,” a civil society initiative.

Similar examples of client power can also be witnessed in other parts of the world. In Brazil, for example, people increased discussion about development progress, raised awareness of the MDGs, and fostered a sustained national movement in favour of them through mechanisms like National Citizenship and Solidarity Week and carnivals. President Lula’s personal interest in the MDGs deepened as more people became interested and this led to government attention and action.

### 5.5 Rule of Law

A number of important developments in the rule of law and the functioning of the judiciary have taken place in the developing world. Over the past few years, with the liberalization of the economy, commercial courts and constitutional courts have been established for the speedy resolution of commercial conflicts and conflicts among different branches of government, in accordance with the constitution. In the United Republic of Tanzania, for example, a commercial court was established in 1999 as a specialized division of the High Court. The commercial court rules in cases that involve the establishment and governance of business firms, the restructuring or payment of commercial debts, and liabilities from firms' business activities. The main reason for its creation was the government’s shift of its economic policy from central planning to market-oriented liberalization. This required a new legislative and regulatory framework. The new court was also needed to respond to serious deficiencies in the judicial resolution of commercial disputes due to case backlog, inefficient case management practices, a low budget, corruption, inadequate physical infrastructure, and an insufficient understanding of applicable commercial laws and legal principles. The primary objective was to increase the confidence of investors and promote the development of the private sector by providing a reliable and speedy mechanism for the resolution of commercial disputes (Cheema [2002]).

The new Eastern European Constitutional Courts provide a good example of ensuring the accountability of different branches of government that violate the principles of separation of powers or go against the principles of federalism and local autonomy. These courts also investigate any branch of government that violates individual or group rights.

An important issue in the rule of law relates to the independence and integrity of the judiciary. A 2004 survey of 18 countries in the region, sponsored by the UN, shows that one of the critical reasons for the erosion of confidence in elected government is an ineffective legal system, including politicization of and corruption in the judiciary (Cheema [2005]). However efforts are underway to address these problems of judicial independence. In Kenya, for example, an anti-corruption reform agenda is part of the on-going constitutional reform process. The anti-corruption plan focuses on legal reforms and transitional justice measures. Similarly, countries in the Arab Region, under pressure from increasingly vocal groups of citizens, and in response to the requirements of globalization, have
begun to recognize the need to ensure the independence of the judiciary and effective mechanisms of accountability. The approach adopted is to ensure that the judiciary, as a corporate body, is independent of other branches of government. The 1999 Beirut Declaration for Justice was adopted at the First Arab Conference for Justice. It provides for a regional Programme of Action consisting of a number of components: first, safeguards for the judiciary based on the United Nations Basic Principles on the Independence of the Judiciary in the Arab constitutions and laws; second, independent budgets for the judiciary; third, immunity for judges in matters associated with their jobs; fourth, the election and appointment of judges through an open and transparent process; fifth, the training of judges through specialized programmes in order to prepare them for their responsibilities; sixth, safeguards for the rights of defence and a fair trial; and, seventh, support to gender equality under the law in the appointment of judges and practice of the judiciary.

One of the important areas of judicial management, especially in Latin America, is alternative dispute resolution – usually through arbitration – to keep many cases out of the courts, ease the backlog, and reduce costs for the persons involved. Revitalizing or reshaping the role of public prosecutors and public defenders is an important complementary element of most judicial reform programmes. This is particularly important in post-conflict situations such as those in Bosnia and Herzegovina, Somalia and Rwanda (See Box 5.11).

One of the key principles of democracy is providing a fair mechanism through which groups and individuals can solve their disputes irrespective of their political and economic influence. In many cases, the primary reason for a lack of adequate access to justice is poverty. Poor people’s access to justice is affected by factors including lack of awareness of their rights, the cost and time needed to go through the judicial process, and fear of those in power. What is needed is to give a voice to the poor through legal means in order to promote and protect their interests like those of other citizens. The judicial systems in developing countries, however, do not adequately protect the judicial rights of the poor, who consider the judiciary and the police unresponsive to their requests. In many developing countries paralegals are playing an important role in educating and assisting women, farmers, the urban poor, indigenous people, and other disadvantaged groups concerning legal issues that directly affect them. In many cases, the paralegals try to resolve conflicts for these people without the courts through alternative dispute resolution and community action. In other cases, they assist the poor in gathering evidence, constructing affidavits and using legal arguments. Furthermore, they enhance people’s access to justice by strengthening their capacity to use legal process, applying pressures to ensure the implementation of existing laws, and raising the awareness of disadvantaged groups concerning their rights. Examples of civil society organizations that can play a role here include the Alternative Law Groups (ALGs) in the Philippines and Applied Legal Studies (ALS) and the Legal Resource Centre (LRC) in South Africa. The latter supported and strengthened the black labour movement and thereby contributed to South Africa’s Constitution and the end of apartheid.

Anderson (2003) suggests pro-poor legal reforms that can be grouped into three broad categories: (1) eliminating laws with a distinctly anti-poor component; (2) reforming legal procedures to create greater access for individuals and NGOs acting in the public interest; and (3) reducing legal technicalities and simplifying legal language.

**Box 5.11 Rwanda’s “Gacaca” Courts**

After the 1994 genocide, Rwanda’s new government assigned itself the duty of bringing to court and trying the perpetrators of the genocide and other crimes against humanity, and of paying compensation to the victims, thus eradicating the culture of impunity.

However, there were major challenges to be faced: the judiciary system was completely wiped out by the genocide and the other institutions in charge of upholding the law (police, prisons, etc.) had ceased to function. Still, the proportion of the population suspected to have taken part in the genocide was very large and the survivors expected justice as soon as possible.

This led to the establishment of an alternative justice system, the “Gacaca” jurisdictions, adopted by law in March 2001. Gacaca courts constitute a system of participatory justice inspired by the traditional community conflict resolution system. They bring together at the location of the crime, all the protagonists (survivors, presumed perpetrators, and witnesses) to debate what happened in order to establish the truth, draft a list of victims, and identify the guilty. The debates are chaired and sentences decided by non-professional judges, elected from among people in the community whose integrity has been recognized. Only certain types of crimes were tried in the Gacaca courts.

However, Rwanda’s Gacaca courts raised several human rights issues that recent reforms attempt to address. National Gacaca authorities have organized training for judges in such areas as Gacaca law, dispute resolution, judicial ethics, management of trauma, and logistics. Higher-level Gacaca judges have received training on sexual and gender-based violence, and women constitute 36 per cent of cell-level judges. As of January 2006, over 4000 people had been judged and sentenced by Gacaca courts.

**Source:** Human Rights Watch World Report (2002)
While it may not be possible to generate either academic or political consensus on which reforms are pro-poor, it is relatively easy to identify laws that are not, as many statutes have clear anti-poor content or implications. Examples include the Land Acquisition Act, which gives the state extensive powers to expropriate property in India and Pakistan. This Act provides for minimal compensation, and is regularly used to expropriate rural land for urban conversion. In an urban setting, squatters are seldom granted ownership rights on land occupied. Few governments (or donors) devote the skill and resources required to identify such anti-poor laws and to develop proposals for their annulment or revision.

There are numerous and diverse types of legal reforms that could create greater access to legal remedies. Where the interests of particular groups are at stake, reforms that facilitate public interest and class action litigation can contribute. More generally, liberalized laws, legal literacy, using international standards in national courts, judicial training and support, and support for law movements all have positive effects on access to justice by the poor.

5.6 Human Rights
MDGs, human development and human rights share a common motivation. As such, achieving MDGs will advance not only human development but also human rights. This has been amply demonstrated in earlier sections. It is, however, important that governments recognize that the targets expressed in the Goals are not just development aspirations but also claimable rights, and therefore have to be based on human rights framework. This recognition has important implications:

- Viewing the Goals in this way means that taking action to achieve them is an obligation, not a form of charity. This approach creates a framework for holding various actors accountable, including governments, citizens, corporations and international organizations.
- Human rights carry counterpart obligations on the part of others – not just to refrain from violating them, but also to protect and promote their realization.
- Viewing the Goals through a human rights framework increases understanding of the policies and institutional reforms required to achieve them. Full realization of the human right to education, for example, requires more than achieving universal literacy and primary education. It also requires that people participate meaningfully in public decisions about education. It requires that measures for achieving education-related goals be equitable and do not disadvantage vulnerable groups or entrench gender discrimination.

The full realization of economic, social and cultural rights requires far more than achieving the MDGs, as pointed out by some human rights groups. But achieving the Goals is an important step towards that end. Because rights to education, health care and an adequate standard of living depend on long-term economic growth and institutional reform, these rights can be realized progressively. But the acceptable pace of “progressive realization” and the obligations to achieve it are rarely spelled out, left instead to each country to define and debate. The MDGs more explicitly define what all countries agree can be demanded – benchmarks against which such commitments must be measured (HDR [2003]).
It is important that human rights groups join in the MDG campaign not only in creating awareness, but also in policy making and monitoring, using this process as a stepping stone to subsequently making more fundamental changes. Progress in the promotion of women rights and gender empowerment (Goal 3) is a good example. A number of women’s movements have been successful in securing legislative roles for women. Pakistan and India have both granted a one third quota for women in local councils while the Palestine Legislative Council has approved a minimum 20 per cent quota for women’s participation. This is a good beginning. Now what is required is to consolidate women’s contributions to the legislative process, as is done in Pakistan, and in Palestine by the Women’s Affairs Technical Committee (WATC), through capacity building in critical fields like gender-sensitivity and awareness-raising, agenda-setting, constituency servicing, advocacy, budgetary allocation and executive-legislative relations (see Box 5.12).

At a broader level, human rights institutions perform four very important functions. They: identify and investigate alleged violation of human rights; conduct public enquiries; provide advice and assistance to governments; and promote human rights education. Their role acquires particular significance within the context of the vulnerable groups (the elderly, minorities, children, migrants etc.) in transition and developing countries. The Human Rights Commission in the Republic of Korea, for example, highlighted that the Industrial Trainee System had resulted in the severe exploitation of migrant workers in the country due to inadequate supervision of wages and labour conditions, and the short sojourn period of one year, that the Industrial Trainee System had resulted in the severe exploitation of migrant workers in the country due to inadequate supervision of wages and labour conditions, and the short sojourn period of one year, including prostitution. After a series of recommendations, the HRC was successful in getting the “Act on Foreign Workers Employment” passed in 2003. This will make about two-thirds of the illegal migrant workers legal and remove most of the human right violations. The importance of institutionalization of human rights through the establishment of bodies such as the National Human Rights Commission is also exemplified in Bangladesh, where a Human Rights Participatory Assessment showed that people felt the necessity of creating a central organization for human rights protection.

Strengthening the capacity of these very important human rights institutions is of critical importance. Over and above local efforts, donors can also play an important supporting role, as demonstrated by the UN Pilot Project for Capacity Building in Human Rights in Egypt and Mongolia, and the Department for International Development’s financial assistance to Partnership Fund Action, which supports several projects to raise awareness of women’s legal rights in Ethiopia.

5.7 Role of Civil Society

Civil society’s contribution to the achievement of MDGs is multi-dimensional as highlighted earlier. CSOs can contribute through advocacy and awareness creation, social mobilization, particularly of specific groups, livelihood programmes, delivery of services, training, and also through relief and rehabilitation work. Fortunately, civil society has realized the significance of its role and the urgency of acting accordingly. Over the last few years we have witnessed forums like the West Africa Civil Society Forum on Millennium Development Goals (Dakar/February, 2003) and the MDGs Consultation with Civil Society in the Asia and Pacific Region (Bangkok/March, 2004) where MDGs were integrated into the vision of socio-economic development of countries, strategies were outlined, and detailed plans of action were discussed and agreed upon. Overall, there is general agreement within the civil society sector that progress on the MDGs can be improved through greater and stronger partnerships and consultations between CSOs and governments. Local actors are central to achieving most of the MDGs and the

<table>
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<tr>
<th>Box 5.12 Empowering Women Through Participation and Capacity Building</th>
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<td><strong>The Women’s Affairs Technical Committee (WATC)</strong> is one of the largest Palestinian NGOs and the biggest women's coalition. After struggling for a decade, it was successful in getting a women’s quota – minimum 20 per cent – in the Palestinian Legislative Council (PLC). But its efforts have not ceased there; it is now working on getting this quota extended to 30 per cent, strengthening the capacity of potential candidates through training on issues that affect women, and getting a unified agenda on different issues through development of consensus among the coalition of women’s organizations affiliated with different political parties. Its most successful work has been on the unified family law. Expanding its network to include other civil society organizations, it prepared amendments to the draft submitted to the PLC legal unit signed by all women’s movements and the civil society committee for reform.</td>
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<td><strong>The Women’s Political Participation Project (W3P):</strong> The unprecedented election of 36,000 women to district, sub-district and union (village) councils in the 2001 local elections in Pakistan was due to the granting of a 33 per cent quota for women. This opened up a strategic opportunity for women to make a difference in setting and implementing local agendas. The W3P capacity development project, initiated in collaboration with UNDP, adopted a “mentoring and nurturing approach,” whereby women councillors taught and learned from each other. To date, 21,000 women councillors have been trained by a pool of 200 mentors from among the women themselves.</td>
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Source: WATC (2005)
poorest should not simply be seen as “targets” for development assistance but as partners. An inclusive and participatory decision-making process at national and international levels will greatly increase the prospects of not only achieving the MDGs, but also of ensuring that they reflect the real needs of each country, and that there is national ownership of the development process and development plans.

CSOs have opportunities to contribute to the changes required to meet the vision of the Millennium Declaration. The opportunities to network, to build coalitions, to share advice and exert pressure – i.e., their advocacy and awareness raising role – exist in:

- **Resources:** CSOs in the North have to exert pressures on their governments to fulfil international commitments, as is being done by Denmark and Italy. The concern for lack of financial resources becomes even more critical because of the risk of diversion of resources to war and conflicts, and to post-conflict rehabilitation and reconstruction. It is important to ensure that the war on terrorism does not take place at the expense of the war on poverty. CSOs can best articulate this concern.

- **Political Will:** To convert the Millennium Declaration into a reality, governments’ willingness to make achievement of MDGs a national priority is of utmost importance. In fact, what is keeping the world from achieving the Goals is not lack of finances or technical capacity; it is the lack of political will. The first sparks of such campaigns are already visible in countries like El-Salvador, Kenya and Cambodia.

- **Campaigning:** The Millennium Declaration requires long and sustained campaigns to ensure that fundamental information is available to key networks (in popular languages) to draw the attention of decision makers, to build effective coalitions, to convince media, to change mind-sets of officials and citizens, and to change priorities and policies.

- **Monitoring:** As indicated earlier, monitoring of progress not only at international and national levels, but at the local level with a focus on gender, social groups, regions etc., is essential to enhance the effectiveness of assistance and fine tune policy. Civil society is monitoring projects on an international, sectoral and national scale. For example, the Women’s Environment and Development Organization calls for adding a gender perspective to targets and indicators, broadening and deepening the gender sensitivity of the MDGs and monitoring government progress (Pasha [2005]).

- **Policy Reform:** Getting policies right is of crucial importance. Policy challenges need to be analysed, debated and addressed not only by local and national civil society organizations, but also by civil society at the global level if MDGs are to be attained.

- **Governance:** Finally, good policy, honourable intentions and plentiful resources produce no results if there are no institutions to implement good policy, convert priorities into action and properly and efficiently utilize financial resources. The lack of an effective institutional framework in many countries has led to little or no improvement in the state of the masses.

Social mobilization – organization and strengthening of CBOs at grass-roots and sectoral levels is another major contribution of CSOs. Many civil society groups are constituted around specific issues of social concern such as the environment, labour rights, gender equality and public health. The advocacy role played by these groups helps to focus the public spotlight on these issues and in some cases even helps to change prevailing social norms. Although this function of civil society has often been the source of controversy, there is little doubt that it contributes to the inclusion of issues of social concern in the policy-making process and thus improves the quality of development policies and practices.

Turning next to livelihood programmes, encouraging new enterprises involves providing advice, technical support, information and resources to help individuals set up their own businesses. Financial support for micro-enterprises is key to enabling businesses to start up as they usually cannot access traditional financial institutions. In recent years, CSOs have increasingly widened their activities to include income-generating programmes and micro-credit. Their success is in part based on their comparative advantage in both identifying and targeting needy segments of society. Their impact can be significant, depending, of course, on the prevailing socio-economic conditions in the country concerned. A number of countries, for example, have replicated the successful micro-finance experiment of the Grameen Bank in Bangladesh, where the NGO sector is well developed. Another good example of civil society’s role in livelihood programmes is the Songtaaba Women’s Group initiative in Burkina Faso (see Box 5.13).
Another example of a community taking charge to improve the quality of life for its people is found in the maintenance. brought about a more realistic charge/fee recovery rate, resulting in higher resources for better Societies has not only significantly improved effi ciency and equity in the water system but also collaborations that combine these complementary attributes can be very productive for MDGs. The skills of social mobilization, innovation, res ponsiveness, flexibility and adaptability. Partnerships and the private sector and CSOs. The former has financial and technological resources while the latter has

We next turn to another important area which has implications for MDG-related partnerships between the private sector and CSOs. The former has financial and technological resources while the latter has skills of social mobilization, innovation, responsiveness, flexibility and adaptability. Partnerships and collaborations that combine these complementary attributes can be very productive for MDGs. The

Establishing a small business for the first time requires technical support in finance, business planning, marketing, and on some aspects of the law including employment, taxation, safety, environmental legislation and so on. Networks facilitate such learning. These services can be effectively provided by CSOs as is being done by Sungi and NGO Resource Centres in Pakistan. Box 5.14 provides an example of a successful civil society intervention in the development of technology for promoting sustainable livelihoods in Pakistan.

Complementing the public sector through delivery of services to their own and other communities is also an important facet of CSOs’ involvement in MDGs. Illustrations of the contributions of CSOs in providing education, making curricula demand-oriented, and providing training are plentiful and include the experiences of BRAC in Bangladesh and Basti in Pakistan. In the health sector, Community Development Associations’ contribution in reducing HIV/AIDS in Thailand through awareness creation and promoting contraceptive use is significant, as is the role of Left Irrigation Cooperative Societies in the state of Gujrat, India, which led to a remarkable improvement in the irrigation water situation. Involvement of stakeholders through the establishment of Co-operative Societies has not only significantly improved efficiency and equity in the water system but also brought about a more realistic charge/fee recovery rate, resulting in higher resources for better maintenance.

Another example of a community taking charge to improve the quality of life for its people is found in the Orangi Pilot Project (OPP) in Karachi, Pakistan. Disappointed by the government’s lack of basic service provision, the local squatter settlement community of Orangi took charge and installed water supply and sanitation facilities on a self-help basis, using innovative approaches and alternative technologies and taking account of community needs and ability to pay. The result has been not only better service but a significant reduction in the incidence of disease and illness. The programme exemplifies the strength of social mobilization and the principle of self-reliance, demonstrating that if a programme is needs-based, properly implemented and cost-effective, financial self-sufficiency is attainable.

We next turn to another important area which has implications for MDG-related partnerships between the private sector and CSOs. The former has financial and technological resources while the latter has skills of social mobilization, innovation, responsiveness, flexibility and adaptability. Partnerships and collaborations that combine these complementary attributes can be very productive for MDGs. The
examples below illustrate the potential strength of tripartite cooperation by the private sector, civil society and government.

The Guangcai programme, coordinated by the China Society for Promoting the Guangcai Programmes (CSPGP), was initiated in 1994 by Chinese entrepreneurs wishing to invest for profit in poverty stricken areas in China. Various stakeholders, including the central and local government authorities, not-for-profit organizations, the private sector, farmers and other beneficiaries are involved in the initiative. The achievements of the programme have far surpassed original targets and expectations. By 2003, more than 10,000 projects had been implemented, resulting in approximately 4.5 million people being lifted out of poverty.

The remarkable success of the Guangcai partnership is attributed to:

- The unique partnership framework forged between investors and beneficiaries, with legally binding contracts on an equal basis delineating each party’s responsibilities, rights and obligations;
- The CSPGP’s solid and effective nationwide organizational structure, which is supported by political authority, strong networks and a rational and clear decision-making process;
- The strong and stable leadership of the CSPGP, headed by capable and motivated individuals who continue to provide effective leadership in strategic and programmatic aspects.

Another example is a successful public-private partnership against HIV/AIDS in Uganda. HIV/AIDS was first recognized in Uganda in 1982 and by 1993 the country had the highest HIV prevalence rate in the world. Uganda, however, is one of the very few countries that have succeeded in reversing the epidemic. The HIV adult prevalence rate is estimated to have dropped from over 30 per cent in 1992 to below 8 per cent in 2000. Currently, it is claimed to be 6 per cent and falling. The government’s response to the HIV/AIDS epidemic dates back to 1986, when the AIDS Control Programme was created. Subsequently, in 1992, the AIDS Commission was established under the Office of the President. The Ugandan AIDS Commission has put a partnership and leadership mobilization strategy in place, involving leaders at all levels. The Uganda Business Council on HIV/AIDS supports the promotion of a prevention and care programme at the workplace. In addition, the Uganda Business Coalition and the Network of AIDS Service Organizations have been created to build capacity and provide technical support and guidance.

In conclusion, this chapter presents a number of multi-faceted examples of good practices and innovations in the area of governance that have been implemented by governments, CSOs and the private sector, either individually or collectively, so as to move closer to the attainment of MDG targets. Obviously, there is no single prescription which has universal relevance. What is required is to examine the factors leading to the success of a particular initiative in a particular socio-economic and political environment, extract relevant lessons and then assess its replicability in the individual country context. This is the primary task of the next chapter.
Attainment of the MDGs presents the world daunting challenges. Unless there is radical improvement too many countries will miss most of the targets, with disastrous consequences for global poverty. This realization has motivated many nations to take action. Various initiatives are being undertaken, some of which were discussed in the previous chapter. The success of these initiatives can be viewed in terms of the extent to which they are able to make a difference in the lives of the people, particularly the poor and the vulnerable. In some countries, success might mean the passage of unprecedented legislation for reserved seats for women or the promulgation of decentralization law or the establishment of an independent election commission as the first step towards participatory government. In other settings it might mean farmers becoming able to sell their produce via affordable e-mail or local women councillors influencing the budget priorities in their home districts in a traditionally male-dominated society.

Behind every successful initiative are certain key elements that make it work. An effective partnership or a simple implementation methodology may have led to the success of the experiment. Identification of those underlying facilitating factors is crucial for the successful adoption and replication of the initiative in other conditions. To create an effective knowledge base, there is a need to identify, examine and learn from these good practices. This chapter identifies some key common factors that contribute to success and extracts some lessons for future design of governance reform initiatives.

1) **National ownership – by governments and communities – is key.** Indeed, the MDGs can foster democratic debate, and leaders are more likely to take the actions required for attaining the Goals when there is pressure from engaged populations. The Goals must become a national reality, embraced by the main stakeholders – people and governments. They should be seen as a set of benchmarks for assessing progress, and for enabling poor people to hold political leaders accountable. They should enable people to fight for the kinds of policies and actions that will create decent jobs, improve access to basic services and root out corruption. They must represent commitments by national leaders, who must be held accountable for their fulfilment in periodic elections.

2) **Continued political will and support throughout all phases of reform is vital.** Political support from the highest levels of governments and ministries is of extreme importance for creating momentum for reform and driving the implementation process from conception to completion. Political support is clearly evident in most initiatives featured in the previous chapter. Reform efforts are long-term and require commitment throughout the process. This commitment must continue even in the case of government change for successful reform to take hold.

3. **Creating a broad coalition of support for reform is important.** Institutional reforms require change in power relationships among actors. They upset entrenched interests, which have the advantage of inertia, history, organizational capability, and knowing exactly what is at stake and are generally more organized, informed, and influential than poor citizens. But reform is possible, even against these odds. Pro-poor coalitions for better services, in particular, increase the chances for success. In most instances making services work for poor people means making services work for everybody – while ensuring that the poor have access to those services. Therefore, what is required is a coalition that includes poor people and significant elements of the non-poor. There is unlikely to be progress without substantial “middle-class buy-in” to proposed reforms.

But broad coalitions are not always feasible because some services need to be tailored to destitute and disadvantaged groups (as in situations of ethnic or gender exclusion). In such cases there is a need to emphasize moral values or enlightened self-interest to create a broader base of support. However the political economy of service is more complicated because coalitions made up exclusively of the powerless are often without power as well.

4) **Change agents or reform champions are needed to anchor the reforms.** Episodes of reform depend on reform champions who act as the entrepreneurs of public sector reform. They can emerge from various sources. Politicians can often pursue service improvements even when conditions are
not propitious. They must act to create and sustain pressures for reform. Professional associations are often both the source of pressure for, and resistance to, major innovations. Dissatisfied with the progress in their field — education, policing, public health, sanitation — professionals emerge as champions for reform, putting pressure on politicians and policy makers. Linking the efforts of these “insiders” and “technocrats” to broader coalitions of citizens is often a key element of success.

Closely related is the need for strong individual leadership. Sometimes it takes just “one” to spark a flame. The success of some initiatives is strongly linked to an individual’s leadership and entrepreneurship. However, the sustainability and replicability of such initiatives can be questioned.

5) **Support and engagement of multiple stakeholders is essential.** Active civil society participation — including bottom-up initiatives through NGOs, community-based organizations, public interest groups, the private sector, media and human rights organizations — is crucial from the beginning in programme planning, design, policy implementation and monitoring. The involvement of the “non-state sector” in policy implementation has been an important element in improving its speed and effectiveness. Also, political leaders and public institutions frequently lack the political will for reform on a sustained basis. Experience suggests that a small group of civil society and NGO leaders can play an important role in mobilizing support for reform. All stakeholders should be prepared for long-term engagement if they seek to change the mindset on the desirability of changes. Mobilization empowers people to articulate their views and participate in decision making and ensures transparency and accountability.

6) **Change management is an integral part of any reform process.** Successful change management is an integral part of any reform process. Engaging and consulting staff in the early stages of reform, and providing incentives and learning opportunities to use new technologies, adapt to re-engineered business systems and acquire new skills and knowledge to cope with a new business environment will pave the way for a smoother administrative reform process and organizational transition. Failing to manage a process of change successfully and effectively will lead to resistance, jeopardize achievements already accomplished and cause the process to suffer delays and inefficiency as a result of power struggle.

Better coordination among stakeholders and proper monitoring and reporting mechanisms are required. Baselines must be established and targets, benchmarks, and regular and timely reporting requirements determined in order to achieve expected results and reform objectives. In programme/project design, a balance has to be found between providing direction and guidance and allowing for flexibility, with demand-driven participatory entry points tailored to the needs of the community.

7) **There is no one-size-fits-all programme design.** There is no one model of public sector delivery or management reform that suits all situations. Designers of reform should pay attention to the political, legal and socio-cultural context of the proposed interventions. An interdisciplinary approach is required for a better understanding of socio-economic and political factors that may facilitate or impede the success of reforms. For them to succeed, many systemic variables are important, including a homogeneous culture, an institutional framework conducive to reform at the organizational level, and the involvement of stakeholders in programme design and implementation.

8) **Strategic incrementalism may be a more pragmatic and feasible option.** Sweeping or fundamental reform of institutions is rare and difficult to achieve. It requires the right conditions. Most of the institutions of “modern” political and economic governance recommended today emerged late in the now-developed countries’ histories, when they were already at much higher levels of income than developing countries are today. And these institutions spread slowly. In the United States universal white male suffrage was not achieved until 1870 and true universal suffrage did not come until (at least) 1965. Canada’s widely discussed “single-payer” style of health insurance did not emerge until the 1970s (WDR [2004]). Institutional reforms that change a nation’s outlook move at a slow pace. Realizing them requires patience and perseverance.

However, improvement of services, always pressing, cannot wait for the right conditions to come along. Some arrangements, such as enclave approaches to delivering services to poor people, may bring short-term improvements but not be sustainable in the long run. Often driven by donors, such initiatives can undermine normal accountability relationships. If the accountability of the national policymaker/provider is weak, contracting out services — such as using nongovernmental organizations for delivering primary health care — may be the preferred arrangement. But incremental
activities—pragmatic improvisation to make services work even in a weak institutional environment—need to be pursued to create more favourable conditions for reform in the longer run. Temporary “work-arounds” cannot and should not substitute for creating conditions for fundamental reform.

9) Need for system improvements: Introducing “Quality Management” models (developed and implemented for the private sector) helps to instigate a new mindset in public sector administration. These models provide a mechanism for review and improvement of management processes from the perspective of meeting the needs of the “clients” who use government services and they introduce a system of setting achievable and tangible objectives with defined steps towards developing an efficient and effective quality management system. Such system improvements motivate public servants and managers to review and improve public administration, encourage new thinking on how to conduct business in the public sector, and accelerate the drive to undertake fresh approaches in public service delivery and management.

10) Setting realistic and well-defined targets can be useful. The approach has to focus on setting and delivering discernable and manageable short-term and intermediate goals that can be reached in the existing context while building towards “larger” long-term solutions. By demonstrating results, this approach has been effective in generating and maintaining motivation and political support.

11) Learning from one’s own and others’ experiences can lead to significant value added. Best practices are useful tools for sharing experience and knowledge. They highlight some of the common reform issues discernible in most situations and relationships between systematic variables—for example, the extent of political support at the highest level and the resource base of the country—and the various elements of civil service reform. Furthermore, knowledge of global experience and best practices facilitates a critical review of their own context and feasible options by national and local development practitioners.

12) Ensuring financial and institutional sustainability is crucial. Most of the governance reforms discussed in the previous chapter—whether relating to public administration, civil services, decentralization or delivery of services or upholding of the rule of law and human rights—need adequate financial resources and predictability in the flow of funds. If there is a serious gap between the level of resources required to meet hardware and staffing needs and the expenditure allocation actually made, or if there is disruption of the timely flow of resources, an otherwise good initiative can turn into a failure.

Many donors view capacity constraints as barriers to scaling up their financial commitments. In such cases the focus should initially be on capacity building. Capacity for service delivery can be increased through investments in human resources, physical infrastructure and management systems. In the medium to long term, people can be trained, infrastructure built, and new management systems—consisting of effective processes and structures for service delivery—put in place to enable a country to deliver and manage services at the scale required to meet the MDGs.

13) Show and publicize “good results” and provide incentives for continued progress. Publicizing good results and providing incentives and awards to successful implementers and users of the new systems will encourage others to join in, forge a change in attitudes towards reform, and ease fears and perceptions of threat that are usually experienced when change is introduced.

14) Special considerations in implementing reform in conflict/post-conflict situations. In a post-conflict environment it is important to recognize at the beginning the consequences of information deficits, depleted human resource capacity and low-level capability for policy planning and decision and programme design. Initiatives in such settings have to be based on a simple approach, learning-by-doing and gradual progress. Programmes that require an open society and attributes of democratic governance will not work. Approaches that helps to establish trust and confidence among stakeholders and donors, and to foster collaboration, are likely to be more successful.

15) The role of international organizations should be supportive. Reforms should be driven by actors at the national level. International agency personnel should act only as advisors and facilitators of resource mobilization needed to achieve national objectives. Global policy advice is useful as long as it is in tune with national realities and facilitates a cross-fertilization of experiences and ideas. International partnership with local civil society should be enhanced through support to local
organizations’ internal governance structures as well as capacity building to ensure that the local groups have the capabilities, resources and autonomy required to advocate and support reform efforts. Successful private sector partnerships, particularly in e-governance, suggest an opportunity for more systemic outreach to the domestic private sector.

In summary, essential factors for success in governance reform initiatives are:

1. National ownership – by governments and communities (the key).
2. Continued political will and support through all phases of reform.
3. Creation of a broad coalition of support for reform.
4. Involvement of change agents or reform agents to anchor the reforms.
5. Support and engagement of multiple stakeholders.
6. Change management as an integral part of the reform process.
7. An understanding that there is no one-size-fits-all programme design.
8. A realization that strategic “incrementalism” may be the most pragmatic and feasible option.
9. Recognition of the need for system improvements.
10. Realistic and well-defined targets.
11. Learning from one’s own and others’ experiences, which can lead to significant value added.
13. The showing/publicizing of “good results” and provision of incentives for continued progress.
15. A supportive role for international organizations.
Chapter 7 CONCLUSIONS AND AGENDA FOR REFORMS

The achievement of the MDGs will require substantially scaling up investments in developing countries, which in turn will require good governance for the proper utilization of the additional resources. A governance structure is required that responds to the imperatives of today's rapidly changing world, faced with globalization and increased liberalization. Governance for the twenty-first century has many attributes: it is transparent and accountable to the people; it is based on the separation of powers among the executive, legislative, and judicial branches; it derives its legitimacy from free and regular elections; it devolves power and resources to sub-national and local governments; and it provides for a multi-party system and freedom of the press. Such governance is based on a paradigm shift in the role of the state, from one of control to one of providing an environment that creates incentives for efficient economic activities; establishing and enforcing institutional arrangements such as law and order, rules, property rights, and regulations for domestic and international investment; and providing basic social services and a framework for human resource development. (Cheema [2005]).

Given the centrality of governance in promoting human development and achieving MDGs, this chapter proposes an agenda for reforms to improve and strengthen governance in the rapidly changing world. The recommendations are based on a review of the international experiences and good practices presented in this report, and draw upon thinking in development quarters such as the Millennium Project. As mentioned, development is not a one-size-fits-all process, so national MDG-based strategies will need to be adapted to specific regional and national situations and some of the options discussed in the subsequent discussion may be more relevant in particular socio-economic and political contexts than in others. Furthermore, even if they are relevant, there will be a need for prioritizing, timing and/or sequencing governance reforms in individual contexts. As highlighted in Chapter 2, all dimensions of governance may not be equally important for each MDG. Therefore, in terms of the priority a country places on a particular goal, certain elements of governance may require more or less attention. For example, our analysis shows that for Goal 1, eradication of extreme poverty and hunger, implementing the right policy mix is crucial, along with decentralization and improvement in service delivery and the improved accountability of economic institutions. Likewise, results highlight regional differences in the focus of reforms. Southern Asia, for example, needs to focus more on pro-poor growth, strengthening economic institutions, and especially combating corruption.

The Millennium project proposes ten key recommendations to achieve MDGs (see Box 7.1). Recommendations 2 and 3 relate to governance directly while a couple of others also touch on certain aspects of this issue. Building on these, this report presents an 11-point agenda of reforms primarily related to governance to achieve the MDGs. But before discussing a specific policy agenda there is a need to reiterate, even at the cost of repetition, some of the important lessons learnt from international experience that are very relevant in the context of the recommendations presented in the subsequent paragraphs. The critical prerequisites or important ingredients of policy reforms suggested are stated here, upfront, to avoid their constant repetition:

- It is crucial that reforms be nationally owned and primarily home-grown;
- They must be sustained financially (with adequate resources, timely released), politically (with continued political support, irrespective of change in government) and administratively (with bureaucratic commitment sustained by champions of reform);
- They should be tailored to the local socio-economic and political context and demonstrate pragmatic improvisation, and perhaps incrementalism, to make services work, particularly in a weak institutional environment, as in conflict or post-conflict countries, LDCs or crisis situations;
- They should be based on a bottom-up approach involving all stakeholders at all levels of development and implementation should be preceded by social mobilization and change in mindset;
- They need to be properly managed, coordinated and monitored with realistic and well-defined targets and goals, and evolutionary in nature, learning from first-hand and others’ experiences;
- To the extent required, they should be supported, financially and technically, by the donors and
Box 7.1

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<tr>
<th>Recommendation</th>
<th>Ten Key Recommendations to Achieve the MDGs</th>
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<tr>
<td>Recommendation 1</td>
<td>Developing country governments should adopt development strategies bold enough to meet the Millennium Development Goal (MDG) targets for 2015. We term them MDG-based poverty reduction strategies. To meet the 2015 deadline, we recommend that all countries have these strategies in place by 2006. Where Poverty Reduction Strategy Papers (PRSPs) already exist, these should be aligned with the MDGs.</td>
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<td>Recommendation 2</td>
<td>The MDG-based poverty reduction strategies should anchor the scaling up of public investments, capacity building, domestic resource mobilization, and official development assistance. They should also provide a framework for strengthening governance, promoting human rights, engaging civil society, and promoting the private sector.</td>
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<td>Recommendation 3</td>
<td>Developing country governments should craft and implement the MDG-based poverty reduction strategies in transparent and inclusive processes, working closely with civil society organizations, the domestic private sector, and international partners.</td>
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<td>Recommendation 4</td>
<td>International donors should identify at least a dozen MDG “fast-track” countries for a rapid scale-up of official development assistance (ODA) in 2005, recognizing that many countries are already in a position for a massive scale-up on the basis of their good governance and absorptive capacity.</td>
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<td>Recommendation 5</td>
<td>Developed and developing countries should jointly launch a group of Quick Win actions to save and improve millions of lives and to promote economic growth. They should also launch a massive effort to build expertise at the community level.</td>
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<tr>
<td>Recommendation 6</td>
<td>Developing country governments should align national strategies with such regional initiatives as the New Partnership for Africa’s Development and Caribbean Community (and Common Market), and regional groups should receive increased direct donor support for regional projects.</td>
</tr>
<tr>
<td>Recommendation 7</td>
<td>High-Income countries should increase official development assistance (ODA) from 0.25 per cent of donor GNP in 2003 to around 0.44 per cent in 2000 and 0.54 per cent in 2015 to support the Millennium Development Goals, particularly to low-income countries, with Improved ODA quality (including aid that is harmonized, predictable, and largely in the form of grant-based budget support). Each donor should reach 0.7 per cent no later than 2015 to support the Goals and other development assistance priorities. Debt relief should be more extensive and generous.</td>
</tr>
<tr>
<td>Recommendation 8</td>
<td>High-Income countries should open their markets to developing country exports through the Doha trade round and help Least-developed Countries raise export competitiveness through investments in critical trade-related infrastructure, including electricity, roads, and ports. The Doha Development Agenda should be fulfilled and the Doha Round completed no later than 2006.</td>
</tr>
<tr>
<td>Recommendation 9</td>
<td>International donors should mobilize support for global scientific research and development to address special needs of the poor in areas of health, agriculture, natural resource and environmental management, energy, and climate. We estimate that total needs will rise to approximately $7 billion a year by 2015.</td>
</tr>
<tr>
<td>Recommendation 10</td>
<td>The UN Secretary-General and the UN Development Group should strengthen the coordination of UN agencies’ funds and programmes to support the MDGs, at headquarters and country level. The UN Country Teams should be strengthened and should work closely with the international financial institutions to support the Goals.</td>
</tr>
</tbody>
</table>

Source: UN (2005)

the international community, with efficient, harmonized and predictable aid.

The policy agenda for change to improve governance for MDGs includes:

**Framework for Pro-Poor Policy**

1. The MDG-based poverty reduction policy framework should provide an appropriate mix of long- and short-term policies. The former should combine the correct blend of macroeconomic and social policies, with focus on macroeconomic stability and high employment, and the adoption of a poverty reduction strategy as a road map for the attainment of the long-term development vision provided by the MDGs. The latter should include a policy on social safety nets for the poorest of the poor to act as a buffer in the interim till such time as the gains from long-term policies filter through and trickle down to the masses. These include schemes of food support, employment benefits, income transfers etc.

   A proper balance between short-term stabilization and long-term growth and poverty reduction has to be struck. Simultaneously, sectoral policies targeting, for example, rural productivity and employment for the urban poor should be formulated and mechanisms for their implementation discussed. What is of utmost importance is that this policy framework be widely debated and involve academia, think tanks and research organizations in the country context. Public discourse should focus on pros and cons of possible alternatives and the policy messages of country Human Development Reports should be used to mobilize support in favour of options and alternatives in policy formulation. In particular, advice from multilateral organizations should be openly discussed and the policies, like the priorities in national/local budgets, should be open to debate and public discourse. Also, a policy to encourage the private sector, which has hitherto received little attention from social development proponents, has to be emphasized. Important ingredients include: provision of a supportive macroeconomic framework –
to minimize uncertainty and promote stability; a favourable legal and regulatory environment – to reduce costs to business; adequate physical and social infrastructure – to enhance productivity; and developed markets – for inputs and outputs.

2. The MDGs have to be properly contextualized to the national and disaggregated to the local level. Their prioritizing, timing and sequencing needs to be attuned to local political, socio-economic, and geographical conditions. Awareness campaigns have to be innovative, persistent and contain messages with a local flavour. MDG monitoring and reporting mechanisms have to be strengthened. Through collective efforts (involving all stakeholders), there is a need to develop a monitoring methodology, identify benchmark surveys, and collect disaggregated data through development of statistical capacity. The focus should also be on effective and widespread dissemination whereby MDG reports are used as a mirror for the concerned civil society, which in turn, can put pressure on policy makers to take the steps necessary to fill remaining gaps.

Public Administration and Civil Services

3. There are four “building blocks” to improve public sector capacity in developing countries: first, strong central capacity for formulating and coordinating policy; second, reform of institutions for the delivery of services; third, motivated and capable staff selected on the basis of merit at the entry point, intensive training, a system of merit-based promotions and incentives, and leadership development; and finally, effective mechanisms for interface among the public sector agencies. An incremental approach to capacity building might be essential in some cases to sustain reforms. These will require heavy investments in both personnel (increases in salaries/rewards, training, capacity building etc.) and physical infrastructure (ICT hardware and software, one-stop shops etc.). As pointed out by the Millennium Project, donors’ financial and technical support may be indispensable in the case of some countries.

Decentralization and Delivery of Services

4. A move towards decentralized local governance is the most effective mechanism for achieving sustainable improvements in service delivery. Many factors determine the success of decentralization, including: a clear and coherent set of rules delineating the powers, responsibilities and resources of each level of government; appropriate government policies, including an enabling legal framework and an increase in local autonomy with proper checks and balances and institutional structures; partnership among different actors at the local level; leadership at the local level; and administrative capacity and adequate financial resources.

5. Specific targeted interventions in critical areas like education, child and maternal health care, HIV/AIDS, water supply and sanitation, slum improvement etc. aiming to expand coverage, improve quality and enhance affordability are essential. Besides increasing physical infrastructure (schools/health facilities) this involves better training of staff, who are accountable to communities, and provision of better quality materials and inputs (relevant curricula and textbooks in schools, vaccines and medicines in health facilities etc.).

Accountability and Transparency

6. Accountability requires the presence of democratic mechanisms that can prevent a concentration of power and encourage a political system that will be held to account. The first step is to ensure free and fairly conducted elections. These should be consolidated through further strengthening of representative and responsive governance institutions, opening up the media and giving a voice to the people. Accountability, in practice, depends on citizens’ awareness of their rights and information about government action that requires openness, a free flow of information and transparency of government rules, procedures and processes, including planning, procurements, expenditure reviews and project level details. Civil society’s “watchdog” role needs to be strengthened and encouraged. Civil society institutions should also be encouraged to adopt the principles of accountability and transparency in their own operations to enhance their credibility and effectiveness.

7. Corruption is a systemic challenge confronting many developing countries; there are no quick fixes and piecemeal reforms are not likely to make a big difference. Combating corruption requires a comprehensive strategy which combines: first, prevention – simplifying government programmes and procedures and eliminating discretion, enforcing a code of conduct, modifying laws that leave loopholes for corrupt practices, privatization of appropriate institutions with reforms to remove rent-seeking opportunities; second, enforcement – formal statutes effectively enforced by independent authorities, with independent investigation, prosecution and adjudication; third, public awareness and support – easy access to information, a free press, a dynamic civil society and freedom of information.
laws; and finally, institution building – establishment of independent commissions against corruption with broad investigative, prosecutorial and public education powers. These commissions should have top political support, operational independence, and adequate resources. In addition, other institutions need to be strengthened, for example the Auditor General, the Ombudsman, the Election Commission, the Public Accounts Committee of the Parliament, the police and the judiciary. On top of this, regional initiatives for combating corruption, like the Africa Union Convention on Preventing and Combating Corruption and the ADB/OECD Anti-Corruption Initiative can be fruitful and therefore should be implemented.

**Rule of Law**

8. Strengthening the legal system is essential. Separation of the power of different branches of government by outlining roles and responsibilities is important, along with ensuring sufficient financial resources and adequately trained and accountable staff. Enhancing societal respect for the role of an impartial judiciary – through judicial independence, efficient and fair decisions on judicial cases, and appearing unbiased with respect to economic, social and political status – is likewise imperative. Reforming the institutional structure is the key to ensuring the independence of the judiciary. This involves a transparent selection process, security of tenure for legal professionals, effective procedures for evaluation and promotion and proper financial resources. In addition, there is a need to undertake pro-poor legal reforms – elimination of laws with a distinct anti-poor component, reforming legal procedures to create greater access for individuals and CSOs acting in the public interest, reducing legal technicalities and simplifying legal language. An appropriate legal system and business and commercial laws enabling the private sector to conduct its activities efficiently are also needed.

**Human Rights**

9. It is important that MDGs be implemented in a rights-based framework. To ensure the Goals are achieved in a manner consistent with human rights, governments need to recognize the relevance of their human rights obligations, encourage broader peoples’ participation and develop rights-based accountability mechanisms. The MDG-based strategies should be consistent with the principles of equality and non-discrimination laid down in applicable international human rights statues like the Convention on the Elimination of all forms of Discrimination Against Women (CEDAW) – irrespective of ethnicity, religion, regional background or gender. There should be broad-based and meaningful participation in decision making – both in design and implementation – and mechanisms of accountability should be put in place and allowed to function freely. For example, the Human Rights Commission can monitor the design and implementation of the MDG-based poverty reduction strategy, identify and investigate alleged violations of human rights, conduct public enquires, provide advice and assistance to governments and promote human rights education.

**Role of Civil Society**

10. Governments should create legal, political and institutional space for civil society to express its views; organize and participate in the development process; participate in the planning and review of MDG-based strategies; deliver services; train communities; play its “watchdog” role over public sector activities; network, build coalitions, share advice, exert pressure for resource mobilization, foster political will, campaign and monitor the progress on MDGs; initiate livelihood programmes; and socially mobilize particular communities, especially those that are vulnerable and marginalized. For civil society to effectively perform these functions it is important that its capacity is strengthened, financial sustainability is ensured, internal accountability and transparency are enhanced and the mistrust between government and CSOs is removed through enhanced dialogue, partnership, collaboration and transparency. Civil society in developed countries has the specific task of focusing on Goal 8, as does the global civil society.

**Role of Donors**

11. There is a need for more aid and more effective aid. The international community should honour the Monterrey Commitment of enhancing aid to tackle resource, policy and institutional constraints in the developing world. Aid should be embedded in nationally owned programmes and processes, perhaps with budgetary support for countries effectively implementing a good governance agenda. It should be predictable and untied. The presence of a large number of donors can inflate transaction costs; as such, aid should be better harmonized and coordinated as per the Paris Declaration principles. Multi-lateral approaches to aid need to be promoted as this can help to finance a range of public goods that would otherwise remain undelivered, provide
donors with opportunities to pool their resources and provide a mechanism for matching finance with needs.

In conclusion, the overall message of this chapter is that governance has many dimensions – it covers a wide complex terrain where easy and simple fixes may not yield effective and sustainable results. In some cases difficult political choices will be major obstacles while in others, complex operational strategies may be difficult to implement. Governance reforms need political will, persistence and patience. But one thing is clear, they are essential for the developing world if the MDG targets are to be met in the time frame set by the world leaders.
Suppose that $I_{ijt}$ is the measure of progress of the $j_{th}$ region on the $i_{th}$ indicator in year $t$. Then

$$I_{ijt} = \frac{A_{ijt}}{T_{ijt}}$$

where $A_{ijt} = \text{actual magnitude in year } t$ and $T_{ijt} = \text{required magnitude to be on target for achieving the goal by 2015}$. This is obtained by linear interpolation between the base year (1990) value and the target value in the terminal year (2015).

In the case where the target involves a fall over time from the base year value then

$$I_{ijt} = -1 \begin{array}{l} \text{if } A_{ijt} > A_{ij0} \end{array}$$

Where $A_{ij0}$ is the base year value. If $A_{ijt}$ exceeds $A_{ij0}$ then this represents a deterioration.

Alternatively

$$I_{ijt} = 0 \begin{array}{l} \text{if } A_{ijt} > T_{ijt} \text{ while } A_{ijt} < A_{ij0} \end{array}$$

This is the case where there is some improvement but the region is off-track.

The third possibility is

$$I_{ijt} = 1 \begin{array}{l} \text{if } A_{ijt} \leq T_{ijt} \end{array}$$

Here the region is on-track, and is either on or below target in year $t$.

In the case where the target requires an increase in the indicator over time then

$$I_{ijt} = -1 \begin{array}{l} \text{if } A_{ijt} < A_{ij0} \end{array}$$

or

$$I_{ijt} = 0 \begin{array}{l} \text{if } A_{ijt} < T_{ijt} \text{ while } A_{ijt} > A_{ij0} \end{array}$$

or

$$I_{ijt} = 1 \begin{array}{l} \text{if } A_{ijt} \geq T_{ijt} \end{array}$$

Therefore, $I_{ijt}$ can have the value of -1, 0 or 1.

To get the overall measure of progress by $j_{th}$ region in year $t$, we sum across the individual $I_{ijt}$ values, that is

$$I_{jt} = \frac{\sum_i w_i I_{ijt}}{\sum_i w_i}$$

where $n$ is the number of indicators. $w_i$ are weights of each indicators*.

Therefore, $I_{jt} = 1$ is the maximum value, in the case when the region is on track in meeting all the indicators. $I_{jt} = -1$ is the minimum value, when there is a deterioration in all indicators.

---

*The weight for poverty reduction has been taken as thrice and that for hunger twice the weight for other indicators.
### TRACKING PROGRESS ON MDGS BY REGION

#### Table A1.1

<table>
<thead>
<tr>
<th>Goal 1: Eradicate Extreme Poverty and Hunger</th>
<th>% of Population Living on Less than $1 a day</th>
<th>% of Population Undernourished</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Developing Regions</strong></td>
<td></td>
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<tr>
<td>Northern Africa and Western Asia</td>
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<td>Sub-Saharan Africa</td>
<td>44.6</td>
<td>46.4</td>
</tr>
<tr>
<td>Latin America and the Caribbean</td>
<td>11.3</td>
<td>9.5</td>
</tr>
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<td>Eastern Asia</td>
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<td>Southern Asia</td>
<td>39.4</td>
<td>29.9</td>
</tr>
<tr>
<td>South-Eastern Asia and Oceania</td>
<td>19.6</td>
<td>10.2</td>
</tr>
<tr>
<td>Commonwealth of Independent States</td>
<td>0.4</td>
<td>5.3</td>
</tr>
<tr>
<td>Transition Countries of South-East Europe</td>
<td>0.2</td>
<td>2.0</td>
</tr>
</tbody>
</table>

Source: UNDESA(2005)

* CIS, Asia

#### Table A1.2

<table>
<thead>
<tr>
<th>Goal 2: Achieve Universal Education</th>
<th>Net Enrolment Ratio in Primary Education*</th>
<th>Literacy Rate of 15-24 year olds</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1990/91</td>
<td>2001/02</td>
</tr>
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<td></td>
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<td>Sub-Saharan Africa</td>
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<tr>
<td>Latin America and the Caribbean</td>
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<td>Eastern Asia</td>
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<td>Western Asia</td>
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<td>83</td>
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<tr>
<td>Oceania</td>
<td>74</td>
<td>76</td>
</tr>
</tbody>
</table>

Source: UNDESA(2005)

* CIS, Asia

#### Table A1.3

<table>
<thead>
<tr>
<th>Goal 3: Promote Gender Equality and Empower Women</th>
<th>Ratio of Girls’ to Boys’ Enrolment at</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Primary School Level</td>
</tr>
<tr>
<td><strong>Northern Africa</strong></td>
<td></td>
</tr>
<tr>
<td>Sub-Saharan Africa</td>
<td>82</td>
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<tr>
<td>Latin America &amp; the Caribbean</td>
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<td>Southern Asia</td>
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<td>South-Eastern Asia</td>
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</tr>
<tr>
<td>Western Asia</td>
<td>96</td>
</tr>
<tr>
<td>Oceania</td>
<td>83</td>
</tr>
</tbody>
</table>

Source: UNDESA(2005)

* CIS, Asia
### Table A1.4
**Tracking Progress on MDGs by Region**

**Goal 3: Promote Gender Equality and Empower Women**

<table>
<thead>
<tr>
<th></th>
<th>Literacy Gender parity Index, ages 15-24</th>
<th>% of Parliamentary Seats held by Women</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1990</td>
<td>2000/04</td>
</tr>
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<td></td>
</tr>
<tr>
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<td>0.86</td>
</tr>
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<td>1.01</td>
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<td>0.96</td>
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<td><strong>Developed Regions</strong></td>
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<td><strong>0.93</strong></td>
</tr>
</tbody>
</table>

Source: UNDESA(2005)

### Table A1.5
**Tracking Progress on MDGs by Region**

**Goal 4: Reduce Child Mortality**

<table>
<thead>
<tr>
<th></th>
<th>Child deaths per 1000 Live Births</th>
<th>% of Children (12-23 month) who have received one dose of measles vaccine</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Developing Regions</strong></td>
<td></td>
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<tr>
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</table>

Source: UNDESA(2005)

### Table A1.6
**Tracking Progress on MDGs by Region**

**Goal 5: Improve Maternal Health**

<table>
<thead>
<tr>
<th></th>
<th>Maternal Deaths Per 100,000 Live Births</th>
<th>Lifetime Risk of Maternal Death&lt;sup&gt;1&lt;/sup&gt;</th>
<th>Deliveries with Skilled attendant (%)</th>
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</thead>
<tbody>
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<td><strong>Developing Regions</strong></td>
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</tr>
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Source: UNDESA(2005)
Table A1.7  Tracking Progress on MDGs by Region  
**Goal 6: Combat HIV/AIDS, Malaria and Other Diseases**

<table>
<thead>
<tr>
<th></th>
<th>% of Population (15-49 years) living with HIV</th>
<th>Malaria Mortality Rate (Age 0-4 years) 2000</th>
<th>Number of Tuberculosis cases per 100,000 population</th>
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</thead>
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<td></td>
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Source: UNDESA(2005)

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Table A1.8  Tracking Progress on MDGs by Region  
**Goal 7: Ensure Environmental Sustainability**

<table>
<thead>
<tr>
<th></th>
<th>Land Covered by Forest (%)</th>
<th>Protected Area to Total Territorial Area (%)</th>
<th>Population with Sustainable Access to Water Sources (%)</th>
<th>Population with Access to Improve Sanitation (%)</th>
<th>Slum Dwellers as % of Urban Population</th>
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<td>-</td>
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<td>Latin America and the Caribbean</td>
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Source: UNDESA(2005)
REFERENCES


