

Mainstreaming the MDGs - Translating a Global Agenda into National Action

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1. Addressing Development Challenges in Global Agenda

Global resources and experiences help promote a country's development; and global community is so important for the development of a least developed country. This is why developing countries pay a great attention to global agenda and sincerely translate them into national planning and programming. However, mainstreaming a global agenda to national action plan requires that national challenges and priorities are reflected in the global agenda. One would like to consider a few premises that are instrumental in building the global agenda which could be adapted by national governments for development.

First, we need to understand that two actors of development - the state and the market- are not enough. Governments have sometimes failed to promote and sustain development and so have the markets. In either case, community organizations have sustained and filled in the gap. Thus, they must be considered as the third actor of development. By community organizations, we mean the cooperatives, non government organizations based on community, and the self-help groups who work for the society. Mostly, cooperatives can work as a bridge between the state and the market and can be promoted for inclusive economic growth and social and economic transformation. Global development agenda will have to ensure that community organizations are important partners for sustained and equitable development.

Second, achieving MDGs will require inclusive and reasonably high economic growth; because without it there will be a difficulty in creating more jobs, more revenue and more social protection to the vulnerable section of the society. As MDGs were criticized at some quarters for undermining the economic growth aspect, future global agenda should explicitly capture inclusive growth as one of the development agenda.

Third, inclusion does not ensure equity. Inclusion is tokenism which only pacifies the grievances against exclusion and deprivation. For achieving equity, more assertive interventions are necessary. Thus the global agenda for development must focus on equity (rather than limiting to inclusion) which is difficult to achieve without meaningfully engaging everyone in the process and in the benefit of economic growth.

Fourth, inclusion and efficiency may not go together. Government may enforce inclusion but market runs in efficiency character. In a situation where market is predominant player of development, ensuring inclusion could mean a trade off to efficiency. So in case a situation of trade off arises, optimization between inclusion and efficiency would be important. The global community must work towards this and ensure that the development actors take care of both inclusion and efficiency matters. Basically, it also boils down to balancing the roles of the state, the market and the community organizations.

Fifth, development cannot be sustained in a situation of growing inequality. Market forces mostly widen inequality, as the world has observed today; and states either do not have the market friendly instruments or do not want to use them for reducing inequality. The global agenda must encompass inequality as a threat to poverty reduction and sustained development and need to include the actors and the instruments which could address the inter-country and intra-country inequality in income and development outcomes.

2. What did MDGs serve and what not?

The MDGs have emerged as the common minimum development agenda for most countries and have been successful in drawing development partners' focus towards these development agenda. Despite mixed achievement, MDGs have been successful in ensuring that a majority of developing countries are giving increased priority to policies that put people at the center of development and in creating a common development agenda for countries across different geographical, societal, political, and economic systems and levels of development. As such, MDGs have reinforced human development outcomes and human security indicators like freedom from hunger, education for all, basic healthcare, gender empowerment, clean drinking water or safe environment. Also the cooperation on specific goals has contributed to increased focus on

measurable development results and on linking aid to development outcomes. It has also signaled that United Nations can work not only as a global forum for solving global challenges, but also it can deliver as one UN amid different mandates of its several agencies.

Achieving the existing MDGs does not ensure adequate development and well-being; it can just mitigate the worst consequences of development deficit. While we should definitely give a final push to achieve the MDGs, we need to move on to more demanding challenges of human insecurity. There is a criticism that consensus on MDGs was drawn at the cost of defining development down. As most countries' vision of development is prosperity, future global development agenda should upscale the MDGs with a vision of prosperity, and not limiting to reducing absolute poverty or meeting basic social indicators. Of course, the future development goals should emerge from the development base created by the MDGs with the goals re-focused onto prosperity, job centric and built-in distributive economic growth, and systemic public sector capability to deliver quality social services and deepen social protection.

3. What Next? Key Structural Policy Issues

Poverty is not just a situation of low income; it is also correlated with lack of productive assets, decent job, education, health care, basic water supply and sanitation, and shelter, among others. It also reflects high vulnerability to risks associated with food, environment and social security. As poverty has multi-dimensions, the strategy to secure a world free of absolute poverty must also address the historical and institutional roots of poverty which demand fundamental reforms in the economic and political institutions of developing countries. As efforts towards social and economic transformation will help to change these institutions, a well defined and enabling role of the state, the market, and the community organizations including cooperatives and non government organization having transparent and defined development agenda can break most of such institutional barriers to reduce poverty.

There are deep-rooted geographical, institutional, and political reasons for some countries remaining poorer than others despite similar other resource endowments and policy regimes. The best way of eradicating poverty and moving towards prosperity is to expedite the process of institutional reform that will ensure sustained (including equitable) economic development. As

economic, social, and political reforms are necessary, most of them have to be domestically driven and international community should facilitate and incentivize the reform initiatives. While the global community should support development efforts, it should keep in mind that a prescription around given framework does not fit all and must be tailored to domestic condition.

3.1 Economic transformation

Moving from low income to middle-income status requires developing countries to diversify the sources of economic growth, improving technology and human capital, and channeling financial resources more effectively toward productive investment. Though the key is sustained economic growth and boosting people's welfare, each economy may have different priorities in the transformation process depending on its specific characteristics and the stage of development. For example, in Nepal's case, priorities for the transformation include better access to productive resources (namely, land, capital and technology), boosting productivity also with higher labour skills, moving to higher value production, and overcoming geographical constraints through greater and efficient connectivity. These, however, may not necessarily be on the high-priority list of other countries.

Economic transformation stems from high, sustainable economic growth that feeds from and into technological change. While the acquisition and application of technology is a key factor in achieving economic transformation, economic activities are, in turn, inherent source of technological progress. Hence, economic growth, economic transformation, and technological change are interwoven activities that reinforce each other. The process of transforming resources involve substantial mix of ideas (technology) with other factors of production such as land and labour, in addition to other resources from different activity sectors of the economy.

Most economies have sustained growth momentum over the decades, but the path ahead is even more challenging and just doing more of the same does not ensure the kind of economic transformation we have been looking for. Indeed, sustained development will require a different pattern of growth that transforms the economy and the society to ensure human security. To achieve this outcome, we will have to manage multiple risks and

challenges, particularly the increasing inequality within and among countries. Inequality could undermine social cohesion and global stability.

3.2 Inclusive growth

Like economic transformation, inclusive growth also requires proper definition. Inclusion does not necessarily transform the economy, neither does it ensure equity. Economic transformation, if it is market based, may exclude a large section of the society from the growth process. Obviously, market led economic transformation process which runs on efficiency path has often been exclusionary and that is the reason why we are now talking about inclusive growth. And it appears that there can be a trade-off between market-led economic transformation that survives on efficiency and inclusive growth that may need state interventions. In such a case, it is a crucial question as to how we can optimize between efficiency and inclusion.

Although it is agreed that poverty and inequality, the core elements of pro-poor growth, are central to the meaning of inclusiveness, a more comprehensive definition implies that inclusiveness involves both participating in and benefiting from growth contemplated explicitly or implicitly. Empirical studies show a lack of correlation between GDP growth and inclusiveness, thus raising a key issue of efficiency versus equity in the process of inclusive growth. As several countries have achieved impressive results with low economic growth, and many of those with the worst performances presented high growth rates, the underlying disconnection calls for shifting the focus away from the rate of economic growth to how this output was generated.

One important aspect which we cannot ignore while talking about economic transformation and inclusive growth is about the actors of development. So far we have been discussing on the two actors of growth – the state and the market. Obviously, for the kind of the transformation and growth we are talking, two players are not enough. Exclusion is pervasive in the areas where state is absent and private sector (the market force) does not want to be –obviously for profit reason. In such a situation, people who have no access to resources, opportunities and power are mostly deprived of development benefits and the challenge is how to bring these people in the development process. For this, the third actor which mobilizes people through the community approach is necessary. The cooperative

organizations, non-government organizations, and other community organizations are the ones which have to be mobilized for empowering this section of people and enhancing their access to resources, opportunities and development benefits. Even in this case, due care should be given that elites do not capture the community mobilization and empowerment activities and leadership.

A critical component of inclusive growth is the creation of decent jobs. Full, productive and decent employment is the most important source of income security and it paves the way for broader social and economic advancement, strengthening individuals, their families and communities. In order to succeed at this task, sustainable development strategies need a strong employment component which aims at raising the productivity of the poorest workers, and at ensuring that they get to keep most of their increased earning power by progressively strengthening labor market institutions. Components of an employment-focused development strategy include macroeconomic, environmental and industrial policies that foster structural change, investment and job creation, as well as sound social and labor market policies.

But there are several constraints towards creating almost close to full employment jobs. First, production generated through market driven choice of technology does not ensure enough jobs, the case of jobless growth we have seen all over the world. Second, the kind of jobs created through the market forces of production do not necessarily match with the existing surplus labour force in the country. This is particularly the case when educated people aspiring for white colour jobs are not interested to engage in the blue colour labour activities. Third, even if people are interested to work in the areas of labour market opportunity, they have skill mismatch and require extensive training to transform the skills. Particularly when it comes to urban centric development, rural labour force which is uneducated, unskilled and perhaps also immobile cannot enjoy the opportunity leaving the labour market in imperfection.

Government is obviously not the major provider of jobs, nor can it ensure unlimited unemployment benefit to those who do not get jobs. Still for public works, it can be as labour intensive as possible, despite technological and efficiency constraints in choosing such labour intensive technology. This is far better than providing unemployment benefits. Public works programs which create more jobs could be prioritized in planning, programming and

budgeting. Often times, the government might have to optimize between more jobs and efficiency or between macro stability and unemployment. Public policy discourse must then put jobs at the centre stage and understand that getting people engaged in the production process is the necessary step for inclusive growth.

Role of development partners in public policy making and programming is important in developing countries like ours. Resource availability, allocation priorities, and promotion of economic activities in donor dependent economies like ours are guided by the aid strategy and policy and programme supports of the donors. It is not necessary that the policy reforms suggested by the donors are always inclusive, mostly when their supports are only focused on market oriented institutions and economic activities. Also inclusive growth cannot be achieved if the donor funded programs do not create jobs or include people in the development process. Thus care must be given to ensure that donor support is seriously working towards inclusive growth and particularly towards creation of more jobs. Also as one size does not fit all, we need to be ensured that donors have country specific support strategy for sustainable development of the frontier economies like ours. No doubt that policies also need to be consistent over time as frequent shift of donor priorities and supports derails the inclusive growth initiatives.

3.3 Addressing risks and vulnerability

Various development challenges are neither mutually exclusive, nor could be solved by individual effort of a single country. They can affect one another and exacerbate existing tensions and conflicts, or even create new pressures that could threaten human security. We need to understand that human security can never be achieved without basic needs for decent livings being met. It has to emanate from political, social and economic empowerment of the people than from a welfare program of the state. Safety from the threats of hunger, disease, crime and repression and protection from sudden and hurtful disruptions in the pattern of people's daily lives – whether at homes, at jobs, in the communities or in the environment - can only be achieved by strengthening human capabilities and empowering people to live a dignified, healthy and decent life.

One important aspect we should take into account is the circular nature of poverty and human security linked through vulnerability. Without

addressing the risks and their outcome in terms of welfare loss - a major dimension of vulnerability- sustainable poverty reduction becomes a challenge. Therefore, a poverty reduction strategy based on a human security perspective has to include (i) preventative and mitigating measures against risks, (ii) protecting or coping measures when human security is threatened by increased risks, and (iii) promoting measures to enhance social opportunities or human capabilities of the poor to fight chronic poverty.

3.4 *Reducing inequality*

We live in an unequal world and also in an unequal society. Inequality in the distribution of resources and opportunities has been one of the reasons for global and domestic tensions. Besides, the progress in poverty reduction would have been much faster, had we been able to reduce inequality. We have seen from the global experience that right kind of global institutions are necessary for new world economic order and also to ensure that globalization works to benefit all. Else, the resentment seen through the Capture Wall Street type of movement would have several manifestations in the political, economic and social spectrum of several countries.

As inequality has either prevented or decelerated the speed of poverty reduction and undermined sustained development, we must address the institutions and policies which have triggered it. Also, as ineffective governments or ruthless markets have been instrumental to widen and deepen inequality, there is a need to work out a global agenda that helps to transform the production, distribution, and consumption functions of the state, the market, and the community.

4. Translating Global Agenda into National Action Plans

Many developing countries are passing through ongoing political unrest and instability. For some countries, the transition from conflict to sustained peace has been protracted. Also intense factionalism has strained the possibilities of resolving key political issues and hindered long-term planning and institution of stable and inclusive democracy. This has been translated into a weak and unfavorable investment climate; and supply-side constraints to growth and private sector has not been able to prosper. Poor infrastructure, inadequate labor skills and labor unrest, inefficient and

unstable credit markets, and continued political instability have compounded the growth constraints while also worsening inequality. Global financial crisis has had also some implications on development aid and on economic growth. Some countries like Nepal have faced horizontal and spatial inequalities, and the latter has been on the rise due to concentration of growth in urban areas.

Global and National Action Plans for post 2015 must underscore the development deficits, address the growth constraints, and capitalize on the opportunities brought about by national, regional and international economic paradigm shift. Opportunities for the future include democratization, decentralization or shift from centralized state power to devolved governance, rising middle class and enlarging domestic demand, emerging neighbouring markets and the rise of Global South. There is also high potential to harness natural resources and markets, as new and efficient modes of financing are emerging, such as climate financing, Improved human resource capabilities and growing returns from past investment in social services such as health, water supply, sanitation and education are also the opportunities to take into account.

4.1 Adapting the global agenda to suit national and local requirements

Working with different countries, we observe every country claiming its problem to be unique from the rest. This is the reason why even MDGs were redefined and some goals added at the country level. For future common development agenda, it is necessary that the simplified goals could be explained by country specific targets and indicators if they deserve to be different. More than that, while the global targets must garner ownership at the national level, flexibility in setting the targets should not undermine the measurability and comparability of the targets.

4.2 Understanding the role of cooperatives and community organizations

Inclusive growth implies that the poor and disempowered people participate to and also benefit from the growth process. Cooperatives have a very meaningful role to play in such inclusive growth as they can become an effective and powerful platform for enfranchising the voiceless people. The recent economic crisis has unfolded that cooperative business has been more resilient as its source of stability is the inclusiveness embedded in its

very structure, which ensures that they aren't enterprises run for short-term profits, but are a business model for long-term sustainability and inclusive growth. As we have just celebrated the International Year of the Cooperatives, mobilizing community through the cooperative organization and engaging all its members in the production, processing, and distribution of goods and services should be upscaled to promote inclusive and equitable growth.

4.3 Localizing development agenda

Even though most countries are likely to achieve most of the MDGs in aggregate, there is a wide variation in the achievement across different social groups, gender, and geographic regions. Addressing such disparities in MDG outcomes across different sections and regions call for localizing the targets and implementing them so as to catch up the development deficits. This is essential to address inequality and the root cause of grievances which often trigger conflict.

4.4 Aid coordination and working as one UN

Aid agencies have definitely their own priorities; but so far as common development agenda like MDGs are concerned, an effective mechanism has to be in place –not in rhetoric but in practice. Past experience shows that it was relatively easy to coordinate programs at the head quarters but so difficult to do the same at country office level of different agencies. This was the case with not only International financial institutions but also within UN agencies.

As development cooperation will continue to be a major driver of national development for some time in the future, there is a need to improve the system of governance and develop a strategy to aid effectiveness. Aid strategy should address the problems of low absorptive capacity, lack of need assessment, lack of ownership, and even lack of aid coordination. While national priorities have to be credible, development partnership should provide enabling environment, not intruding on policy space or in program implementation. The 'aid for trade' and 'climate finance' arrangements need to be continued with higher effectiveness. As the Global South is emerging fast, we need to recognize that South-South cooperation has to emerge as a complement to traditional development assistance.

4.5 Quality of policy advices

UN has good number of experts who work for sectoral issues like education, health, water and sanitation, environment, or gender. But so far as macroeconomic policies are concerned, international financial institutions have better edge and often times there is policy debate between IFIs and other UN agencies. Overly market centric policies of the IFIs and lack of credible alternative policy framework among other aid agencies has often sent mixed signal to the national governments. The problem is compounded when advisors and consultants very unfamiliar with country condition or policy options are recruited to do the challenging job. Technical assistance works only when the advisory service can address the ground reality of the country and does not offend the key values of the social and political system of the country.

4.6 Capacity development and aid coordination at local level

When development agendas are localized with more resources devolved to the local level, donor support is also supposed to follow the suit. Basically, the support could be focused not only in terms of resources but also for building local capacity to plan, program, prioritize, implement and monitor the local level development activities. Development need assessment at the local level, devising financing strategy and effective implementation requires a lot of capacity development support from the development partners.

Country system of aid utilization or bringing all aid into national planning process has still been a difficult job, particularly with the bilateral donors. Powerful bilateral donors still twist the arms of recipient country's policy makers and run parallel projects in the pretext of weak local capacity to implement. This often creates total anarchy in aid environment, and this not only prevents the opportunity of local capacity development, but also keeps the country in perpetual dependency in aid utilization.

5. Concluding Remarks

The global development agenda beyond 2015 will have to focus on institutional and structural issues the global community is facing today. We have seen both the state and market led developments and both are prone to failure. The two actors are not enough for inclusive and sustained development. Inclusive economic growth is necessary to achieve the

MDGs, but growth is inclusive when people participate and benefit from it. Participation should, however, be meaningful. It could be decent jobs, effective role in decision making, or sharing benefit through social protection. Inclusion does not ensure equity, so we need to talk more than inclusion. Market is not necessarily inclusive; so we should be ready to reorienting the market institutions, or strengthening the role of state to correct market distortion. As an alternative, we should promote community organizations for addressing those sorts of exclusion. Also, as we cannot sustain development without addressing inequality, we need to have transformative institutional and policy reforms to reduce inequality.

MDGs related interventions were too late and too little. Several years were lost in developing targets and indicators. Some more years passed in developing a strategy and methodology to translate the global agenda into national plans. Reinitiating the planning process was also not an easy job, as market orientation had dismantled all the state planning agencies in several countries. Aid coordination at the country level also remained difficult, despite commitments at the corporate level. Lack of local capacity, disaggregated data, and initiatives were also hindrances to MDGs localization.

Future global development agenda and their implementation at the national and sub national levels will have to learn lessons from the MDGs implementation so far. As such, they will have to focus on inclusive and equitable growth, prosperity, human security, and reduction in inter-country and intra-country inequality for sustainable development. The shared responsibility in carrying forward the global agenda must be observed in practice.