



**SUPPORTING THE ACHIEVEMENT OF THE
MILLENNIUM DEVELOPMENT GOALS (MDGS)
IN ASIA AND THE PACIFIC (PHASE II)**



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**OUTLINE OF THE MDG
TECHNICAL BACKGROUND PAPERS**

Prepared by

UNESCAP Secretariat

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I. Synthesis report of national and sub-regional MDG reports in Asia and the Pacific

Background

At the country level, the National MDG Reports are the most important instruments for monitoring progress and for putting into place effective public campaign strategies and carry out targeted social mobilization for the achievement of the Millennium Development Goals (MDGs). While the principal obligation for achieving the MDGs rests with the individual countries, the Millennium Declaration calls for increased joint responsibility, international partnership and collaboration to achieve the MDGs.

The Country Millennium Development Goals Reports (CMDGRs) are being prepared by the respective national Governments with active support from the UN Country Teams, led by the country UNDP office. All CMDGRs are expected to follow the guidelines contained in the UNDP Second Guidance Note, "Country Reporting on the Millennium Development Goals," issued in October 2003. So far, 13 countries, namely Afghanistan, Armenia, Azerbaijan, Bhutan, Cambodia, China, Kazakhstan, Kyrgyzstan, Nepal, the Philippines, Tajikistan, Thailand and Viet Nam, have prepared their CMDGRs. Almost all the reports focus on the progress so far achieved in terms of the eight goals and the selected targets and associated indicators. None of the reports are thematic in nature, and follow a "positivist" analytical framework. The role of institutions or institutional change is not explicitly used in explaining the progress so far achieved or lack of progress.

Objectives

This synthesis report will be one of the technical background papers feeding into the preparation of the Second UNESCAP-UNDP MDG Report, scheduled to be published in September 2005 as part of the global review by the General Assembly. The synthesis report will provide an in-depth regional assessment and perspectives on the achievement of MDGs by synthesizing the available national and sub-regional MDG Reports. The report will have several interconnected objectives:

- (a) The main objective, as stated above, will be to provide a systematic analysis of institutional changes, at the margin, that have played a critical/determining role in achieving the MDGs at the individual country level. This will be done by examining instances where institutional changes in the delivery of services such as education, health, sanitation etc have contributed to poverty reduction in general and to the achievement of MDGs/targets in particular.
- (b) The role of policy (in the forms of legislative changes, framing new laws in protecting/strengthening property rights, improving the functioning of existing institutions etc) will be examined in bringing about

institutional changes that can contribute to poverty reduction and the achievement of other MDGs.

- (c) The synthesis report will compile a “best-practices” bank and explore the options in replicating those best practices in the region.
- (d) The synthesis report will delineate the factors (including policy changes and institutional innovations) that separate out the “most successful countries” from the “countries at risk” in terms of achieving the MDGs.
- (e) The synthesis report will provide a systematic analysis of the gaps in data/statistics that hinder a proper analysis of the MDGs at the country level.
- (f) The report will look into the roles of different stakeholders and their institutional characteristics in explaining the success/failure to achieve the MDGs.
- (g) The report will conclude by providing concrete policy recommendations that can generally be pursued by the countries in the region in reaching the MDGs by 2015.

Analytical framework

The main analytical challenge in preparing a Synthesis Report of the CMDGRs will be to cull-out those instances where institutional changes/innovations (or lack of them) have played a vital or determining role in explaining either the progress or lack of progress in achieving the MDGs at the individual country level. In meeting that challenge, the principles of New Institutional Economics and insights provided by other social science disciplines will be extensively utilized (Douglass North 1990, 1994; Williamson, 2000; OECD, 2003; Adams, 1995; Afzar et al, 2001; Besley, Timothy et al, 2000; Beteille, 1997; Aron, J., 2000; Bardhan, P.K., 2000; Campos, N. and J.B. Nugent, 1998; Chaudhuri, M.D., 1996; Cramb R. and I.R. Willis, 1990; Isham, J. and S. Kahkonen, 2002; Johnson, G.D., 1994; Jutting, J., 2003; Pehovich, S., 1999; Platteau, 2000; World Bank, 2002). The institutional changes/innovations will be broadly defined, including those relating to the formal institutions, the informal institutions, local customs, norms, values and standards, and the complex interaction amongst these in creating an enabling environment that promote the achievement of the MDGs. The report will also examine the institutional “bottlenecks” or “hindrances” that prevent the optimal use of productive resources and tangible and intangible assets that the poor, the vulnerable and the marginalized have at their disposal. It will examine ways in which countries have facilitated the creation of opportunities and access to those by the poor, and how institutional changes have either reinforced or strengthened the capacity of the poor in exploiting those opportunities. The report will seek out examples of institutional changes and innovations that have empowered the poor, the vulnerable and the marginalized and contributed to their increased capability in processing information, reducing transaction costs, and using these changes in improving their life chances and have a voice in local and regional decision making processes.

In analyzing the CMDGRs, the report will seek to provide empirical evidence in identifying those countries or groups of countries that are at risk in missing the targets by 2015. Since the CMDGRs use national-level data and statistics, comparative empirical analysis will be fraught with both conceptual as well as practical difficulties.

Here, more qualitative analysis along the lines suggested above will be useful. Alternatively, this part of the analysis can use the DESA data-base –which provides internationally comparable data and information- to identify those countries that are at most risk in missing the targets by 2015 and therefore would merit most attention from national governments and the international community.

Methodology and data requirements:

In addition to information obtained through the national and sub-regional MDG reports, this study will draw on the MDG-related publications by the United Nations agencies and Bretton-Woods institutions and other agencies. The inputs and cooperation of these agencies in compiling and synthesizing the relevant information will thus be of major importance. Field/country visits will be undertaken on a selective basis to obtain further insights and data/information on the countries under investigation. Discussions will also be held with different stakeholders to add value to the analysis. This will also foster greater ownership of the synthesis report.

Conclusion

Conclusions and policy recommendations will be drawn based on the results of the analyses contained in the synthesis report.

II. Linkages between the MDGs and PRSPs

Introduction

Millennium Development Goals (MDGs)

The Millennium Development Goals (MDGs) that transpired from the United Nations Millennium Declaration and adopted by the world leaders in 2001, symbolize the aspiration for human development and are articulated in specific, measurable and time-bound targets. They include halving income poverty and hunger; achieving universal primary education and gender equality; reducing under-5 mortality by two-thirds and maternal mortality by three-quarters; reversing the spread of HIV/AIDS; and halving the proportion of people without access to safe water. These targets are to be achieved by 2015, from their level in 1990. These Goals and targets, and the commitments of rich and poor countries to achieve them, were re-affirmed in the Monterrey Consensus that emerged from the U.N. Financing for Development conference, the World Summit on Sustainable Development and the launch of the Doha Round on international trade.

Attaining MDGs by the target date will require a consistent long term (10-12 years) concrete national policy plans and strategies supported by collective and committed international efforts. Furthermore, policies to achieve MDGs will need to be developed through domestic consultative processes and it will require to identify the mechanisms for delivering necessary goods and services. Thus the basic principle underlying the MDGs is to create a goal-oriented international partnership and domestic strategies that can help the poorest countries break out of poverty traps and human development. Unfortunately, MDGs per se do not provide any such framework or strategies for poverty reduction and human development.

Poverty Reduction Strategy Papers (PRSPs)

On the other hand, Poverty Reduction Strategy Papers (PRSPs) and National Poverty Reduction Strategies (NPRSs) render framework and strategies for financing (both internal and external), implementing and monitoring such strategies. These strategies would depict the macroeconomic, structural and social policies to foster economic growth, poverty alleviation and make progress in other social sectors such as education and health. This new approach introduced by the World Bank and the International Monetary Fund (IMF) was to support reform and adjustment programmes in low-income countries with overriding objective of poverty reduction. In fact, at the September 1999 Annual Meetings of the World Bank Group and IMF, Ministers endorsed the proposal that country-owned poverty reduction strategies should provide the basis of all World Bank and IMF concessional lending, and should guide the use of resources freed by debt relief under the enhanced HIPC Initiative. This strategy would be reflected in the Poverty Reduction Strategy Paper (PRSP) prepared by country authorities with broad participation of civil society. The PRSP framework was premised on five core principles namely, i) country driven, with broad-based participation of civil society; (ii) results-oriented; (iii) long-term perspective; (iv)

comprehensiveness (to address the multi-dimensional nature of poverty and the policies needed to reduce it); and (v) partnership (with all stakeholders and with/among donors, particularly between the IMF and the World Bank).

Issues on the Linkages between MDGs and PRSPs

Time Horizon

While the central focus of nationally owned PRSPs are on poverty reduction and other elements of human development and it also provides framework for domestic and external financing, they are nevertheless, unsatisfactory towards achieving the human development targets as contained in the MDGs. Not only that, the implementation time horizon of PRSP, although claimed to be long-term, is much shorter, typically three-years financing framework, which may pose difficulty in terms of working out the long term resource requirement needs of achieving MDGs by the year 2015.

Achievements of MDGs versus Progress

It is also important to note that the current PRSPs are prepared on the basis of available domestic and external resources. However, if available resource flows are deficient to achieve the MDGs, as is the case in most low-income or high risk countries (such as least developed countries (LDCs)), then these country governments are persuaded to be “more realistic” in their goals and targets. In other words, these countries are expected to “accelerate *progress towards* the MDGs” rather than to *achieve* the MDGs. Hence, the present nature of PRSP process may not support progress, but that “progress is only directional rather than truly goal or target oriented” as stipulated in the Millennium Declaration.

Long-term Sustainability of Resources

There is also another critical issue related to the current process of PRSPs which has long-term implications in the achievements of MDGs. While the current PRSP framework is country owned, in general, however it does not encourage the country wedged in a poverty trap to make the long term large scale public social sector investments necessary to break free of the poverty trap and to achieve the MDGs. For instance, the social sector investments in primary school programmes, basic health centres, sanitation and clean water require commitment of long-term sustainable resources. This is particularly true as many of the social sector investments have not only long gestation period but it also require continuous recurring expenditures before which the social outputs, in the form of higher enrollments and healthy children will be forthcoming.

Institutional Factors

It is important to note that the traditional norms and values may play a critical role in shaping the character of remote rural economies. And it is well known in the literature of *New Institutional Economics* (e.g., see North...) that the changes in the informal sectors are incremental and will take time. Thus for a low-income country

which is predominantly rural, attaining the MDGs will not only require the availability of financial resources on a predictable long-term basis but it also require realigning of PRSPs framework to capture the local conditions and strengthening non-financial informal institutional norms and values of the participating countries.

Evaluation of PRSPs

In the recent July 2004 independent Report of the Evaluation of PRSPs and the Poverty Reduction and Growth Facility (PRGF), it was noted that “the PRSP approach has the potential to encourage the development of a country-owned and credible long-term strategy for growth and poverty reduction, which could provide an effective framework, however, actual achievements thus far fall considerably short of potential. This is partly because it is unrealistic to expect quick gains given the initial conditions from which the process started in most low-income countries.”

The Report further noted that the “strategies outlined in PRSPs generally constitute an improvement over previous development strategies, in the sense of providing greater poverty focus, a longer-term perspective, and some results-orientation. However, most PRSPs fall short of providing a strategic roadmap for policy making, especially in the area of macroeconomic and related structural policies.”

In terms of lessons learned the Report indicated that the PRSPs are not flexible enough in treating different countries differently. This is particularly crucial as the experiences of strategic planning varies across the countries. These variations in initial conditions exemplify the need for the PRSP framework to be executed in a fashion that capitulates on existing strengths and focuses efforts on “the missing ingredients” rather than starting anew in all areas. Otherwise, not only can ongoing efforts to improve existing domestic processes be disrupted, but weak domestic capacities and institutions may be used inefficiently.

Another important lesson learned as noted by the Report pertains to the lack of inadequate benchmarks or goals to review progress toward the intermediate objectives of improved domestic policy processes, and consequent lack of clarity about the criteria for assessments and financing decisions. The PRSP framework was largely defined in terms of broad principles related to processes and inputs. More specific milestones to monitor progress vis à vis intermediate objectives, including for strengthening domestic processes according to the broad PRSP principles, were expected to be developed at the country level. This has not happened and benchmarks for measuring substantive improvements in policy processes are lacking, both at the country-level and initiative wide.

Objective and Methodology

In view of the foregoing discussion, it is evident that while PRSPs have the potential to provide an operational framework in the achievements of MDGs, there are, however, various factors and constraints that need to be streamlined with long-term national MDG plans if low-income countries are going to achieve the Goals by the target date of 2015. To this end, it is essential to have an in-depth understanding of the PRSP process and framework, its both quantitative and qualitative linkages with

MDGs and operational modalities to achieve MDGs. The objective of this study is, therefore, to critically examine the linkages of MDGs and PRSPs. Given that over a dozen countries in Asia and the Pacific region are at various stages of implementing PRSPs, the study will also empirically assess these linkages between MDGs and PRSPs and operational modalities based on available data from selected countries in the region.

The study will have four chapters. Apart from the introductory chapter, chapter II will provide a critical analysis of the basic thrust, intended objectives and focus of the PRSP framework particularly its linkages and operational modalities in terms of attaining MDGs. Chapter III will empirically analyze based on available country level data, the extent of these linkages and modalities with a view to examine the complementarities as well as deviations between MDGs and the goals stipulated in the existing PRSPs. In cases where there are deviations, the study will identify the resource gap requirements, both quantitative and qualitative, to achieve MDGs in the long-run. Finally, chapter IV will provide some suggested implementable policy recommendations with a view to re-align PRSPs with the MDGs, particularly ensuring the time-consistency predicaments.

Implementation

The study will be carried out in two stages. First, it will focus on the descriptive aspects of the study such as the background, objectives and modalities of PRSP's and its linkages with MDGs. This task will be initiated primarily based on available information and literature from the World Bank, IMF, UNDP and other relevant sources.

The second stage will be devoted to an empirical analysis of all available PRSPs to address the issues as indicated earlier. In order to get an indepth understanding of the key constraints and challenges of PRSP framework in terms of both financial and institutional aspects in achieving MDGs, consultations with the relevant country level officials and other stakeholders will be essential. These consultations through field work will be initiated for at least two or more categories of countries namely, the successful ones who have already aligned PRSPs with MDGs (e.g., Pakistan) and others that are facing difficulties.

In order to undertake the above task particularly, in the second stage a consultant with extensive practical experiences in PRSPs and broader knowledge of its linkages with MDGs will be needed to strengthen the qualitative and quantitative aspects of the study.

The study is expected to be completed in three months.

III. Good governance and the MDGs

“Good governance is perhaps the single most important factor in eradicating poverty and promoting development.”

H. E. Mr. Kofi Annan, Secretary-General of the United Nations

Introduction

The Millennium Declaration explicitly recognizes good governance as one of the most crucial requirements in achieving the Millennium Development Goals. It clearly points out that good governance at all levels is: (i) indispensable for creating a conducive environment for poverty alleviation and development; (ii) a prerequisite in asserting universal values such as human rights, (iii) is the operational link between noble aspirations and effective realization.

The Millennium Declaration makes it clear that creating a conducive environment for poverty alleviation and progress is dependent on good governance and on institutional structural reform at all levels – from the local, to the national, to the global. It declares - “we resolve therefore to create an environment – at the national and global levels alike – which is conducive to development and to the elimination of poverty. Success in meeting these objectives depends *inter alia*, on good governance within each country. It also depends on good governance at the international level and on transparency in the financial, monetary and trading systems.” (Millennium Declaration, III. Development and Poverty Eradication)

Furthermore, the Millennium Declaration states that certain fundamental values are indispensable for international relations in the twenty-first century. These include Freedom, which ‘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 assure these rights’. (Millennium Declaration, I. Value and Principles)

The Declaration also calls for collective commitment to ‘spare no effort to promote democracy and strengthen the rule of law, as well as respect for all internationally recognized human rights and fundamental freedom, including the right to development’. (Millennium Declaration, V. Human Rights, Democracy, and Good Governance.)

The *Implementation of the United Nations Millennium Declaration Report of the Secretary-General (2003)*, highlights that good governance is also the key ingredient in making the difference between noble aspirations and effective realization, together with effective institutions, adequate material resources and international support. Similarly, Technical Cooperation experiences of UN agencies illustrate that it is “...neither money, nor technology, nor even expertise, but good governance that makes the difference.” (UN-HABITAT Global Campaign on Urban Governance).

Good Governance and the Millennium Development Goals

In short, good governance at all levels, from the local, to the national, to the regional, and to the global, is a cross-cutting prerequisite in achieving the ambitious global commitments set out in the Millennium Development Goals.

Goals 8: Developing a Global Partnership for Development calls for an open trading and financial system that is 'rule-based, predictable and non-discriminatory'. It also calls for easily understandable structures of various global players for transparent resource transfers between countries. Furthermore, the Goal 8 itself explicitly reaffirms the commitments already made to good governance, development, and poverty reduction. Because of the global and regional nature of its actions, Goal 8 calls for good governance at the Global level.

Goal 6 on combating HIV/AIDS, malaria and other diseases requires enhanced governance at the global, regional, national and local levels. This is because these diseases spread over national boundaries and combating them requires global and regional partnerships. Moreover, preventive and curative drugs are often made and/or patented in the developed countries, frequently restricting access and availability to those who need it most in the developing countries, where the infections are highest. Thus, enhanced global governance, ensuring an open and equitable trade system will be paramount in the fight against HIV/AIDS, malaria and other diseases. In comparison, Goals 1-7 on poverty reduction, education, gender equality, child mortality and maternal health, essentially require better governance within a country – both at the local and national levels. Moreover, as stated earlier Goal 6: Combating HIV/AIDS, malaria and other diseases, in addition to global actions Goal 6 also requires actions at the national and local level.

This paper focuses on good governance at the country level and therefore addresses governance issues related to Goals 1 to 7. Moreover, achievement of the MDGs requires empowerment of the poor women and men. The paper will discuss good governance from the context of poverty alleviation and highlight good governance strategies that focus on empowering the poor.

I. Governance and MDGs

1.1 Defining governance

This section will outline the evolution of the definition of governance. It will take the definitions of various agencies and organizations within and outside the United Nations system, compare them, and deconstruct them to their basic elements and concepts to provide an easier understanding of the definition of governance.

1.2 Norms of good governance

This section will discuss the 5 norms of good governance as follows:

Equity

Including inter-regional, inter-personal equity (including gender equity and protection of the rights of the most vulnerable) and intergenerational equity (sustainability). Inclusiveness as a prime requirement of equity would also be discussed.

Effectiveness

Including importance of achieving results; efficiency in achieving results; responsiveness to the needs and demands of the people: effective public administration and delivery and regulation of services and strategic vision.

Subsidiarity and decentralization as a means of improving effectiveness would also be discussed.

Rule of Law

Including protection of human rights, physical security, security against violence and coercion, easy, timely and equal access to justice.

Accountability

Including transparency and access to information

Participation

Including participation by women and men, advantages and disadvantages of representative and participatory democracy, characteristics of effective participation, the importance of freedom of association, information and expression, inclusiveness in participation of the poor, minorities, the youth, the elderly and other vulnerable groups, particularly in decision-making

1.3 Governance failures and the non-achievement of MDGs

This section will discuss the traditional and modern norms of good governance. It will also outline the dichotomies between the traditional “culture of governance” and the modern “structures of government” and discuss the concept of “ethical ambience” in society. Exclusive decision-making among oligarchic elite would be discussed. Corruption and the role of organized crime in regulating and managing the informal economy will be highlighted. Lack of adequate capacity among government personnel and institutions, as well as the lack of capacity of the civil society to affect change will also be highlighted.

Institutional barriers in the public sector, including lack of horizontal and vertical coordination among government institutions, overlapping authorities and responsibilities and lack of capacities in the civil service will be discussed as well.

II. Operationalizing Good Governance*

2.1 People as citizens and customers

The dual role of people as citizens and customers will be discussed. As citizens they have the right to participate in decision-making and oversee government performance and as customers they expect government to deliver services, enforce laws and regulations.

2.2 Participation in decision-making and oversight by people as essential to achieving the MDGs

This section will discuss the importance of access to right information and organization as preconditions for effective participation and oversight. Attitudinal changes required on the part of the Government to provide access to right info to their constituents will also be highlighted. It will also discuss participatory mechanisms necessary for an informed and organized citizenry to influence decision-making. It will include a discussion of representative and participatory democracy. This section will also discuss the roles of “strategic legislative interventions” to hasten cultural and attitudinal changes in society necessary for good governance. Finally the section will discuss participation and oversight strategies to improve responsiveness of government institutions and to minimize corruption.

2.3 Increasing the effectiveness of government (institutional change)

This section will discuss strategies for achieving results and efficiency in the public sector; through among others total performance management, strategic visioning, and implementation of ISO 9000 standards in public sector institutions. It will also discuss the changing role of government from a provider of public goods and services to a regulator and enabler as well as the role of the for-profit and non-profit private sector in delivery of public goods and services.

It will discuss the importance of decentralization in implementing MDGs, particularly goals 1 to 7. Strategies for localization of MDGs and increasing their ownership among the people will also be discussed, including the concept of “MDGs Plus”. It will also outline the principle of subsidiarity and the conditions necessary for decentralization to bear the desired results.

* Boxes containing brief case studies of good and bad practices/policies will illustrate each section of this chapter. Lessons at the end of each box would highlight points being made in the main text. Gender mainstreaming will be discussed through out the TBP as a cross cutting issue.

2.4 Sharing the benefits of development: Increasing equity

This section will discuss various strategies and programmes for pro-poor development, particularly focusing on MDG 1 to 7.

2.5 The importance of the rule of law and the administration of justice for achieving the MDGs

This section will address issues related to administration of justice, particularly easy, equal and timely access to justice as well as administrative reforms needed in the enforcement of the rule of law and the need for reforming the administration of justice. It will also discuss the advantages and disadvantages of utilizing traditional systems of government. Finally it will discuss the advantages and disadvantages of judicial activism as a means for achieving the MDGs.

III. Measuring Good Governance and MDGS*

3.1 Good governance and MDG indicators

This section will discuss the purposes of longitudinal and comparative, quantitative and qualitative indicators to measure both the processes and the results. It will discuss various initiatives at the global and regional levels to develop indicators. It will also discuss data reliability and costs involved and the importance of collecting indicators as part of the total performance management cycle. Finally it will discuss the importance and strategies for development of indicators to measure localized MDGs.

3.2 Benchmarking to improve governance systems

This section will discuss benchmarking of administrative structures and management processes and the development of “learning organizations.” It will also discuss advantages and disadvantages of using global quality standards such as ISO 9000 in the public sector.

IV. Capacity Building for Good Governance*

4.1 Policy research and advocacy

This Section will highlight the importance of continuing research and advocacy for good governance. It will identify areas of further research and discuss advocacy strategies.

* Boxes containing brief case studies of good and bad practices/policies will illustrate each section of this chapter. Lessons at the end of each box would highlight points being made in the main text.

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Gender mainstreaming will be discussed through out the TBP as a cross cutting issue.

4.2 Knowledge networking

This Section will pinpoint the importance of acquiring and transferring good practices and policies and discuss strategies for setting up knowledge management networks for promoting good governance in Asia and the Pacific.

4.3 Training, advisory services and other technical assistance

This Section will outline the training and technical assistance needs among public and civil society sectors in Asia and the Pacific and how international and regional organizations and agencies, within and outside the United Nations System can meet these needs.

V. Conclusions

5.1 Policy recommendations

This Section will discuss key messages and conclusions of the technical background paper and will compile key policy recommendations.

IV. Promoting Micro initiatives to achieve the MDGs

Introduction

Micro-initiatives have emerged as a powerful tool for poverty reduction since they are perfectly adapted to the specific needs, conditions and priorities of the target group. Furthermore, micro-initiatives allow the direct involvement of the poor in the design and implementation of the activities. Thus, it has been recognized that “achieving the MDGs will depend not only on increasing resources but also on renewed commitment to adapt and accelerate implementation of successful approaches.”¹ The paper will focus on micro-initiatives and the enabling environment required for their replication and up-scaling. It will also contain examples of micro-initiatives under each of the MDG

1. Micro initiatives and the MDGs

This chapter will discuss micro-initiatives against the background of the poverty situation and actions taken in the region and briefly discuss the strategies being implemented to achieve the MDGs and the role micro-initiatives can play:

- 1.1. Overview of poverty in the Asia-Pacific region
- 1.2. Overview of macro-economic policies
- 1.3. The need for micro and small-scale initiatives

2. Framework for analysis of micro initiatives

The process of sharing experiences and learning from each other starts with the identification, documentation and analysis of micro-initiatives. Considering that lessons can be learned from both good and bad practices and that the best practices are practices that are instructive and useful for others, this chapter will examine the criteria and approaches to the analysis of micro-initiatives and the environment within which they function:

- 1.4. Identification and selection of micro initiatives
- 1.5. Analyzing micro initiatives
- 1.6. Supporting environment
 - 1.6.1. Regulatory system
 - 1.6.2. Institutional framework

¹ Scaling Up Poverty Reduction: A Global Learning Process, and Conference in Shanghai, May 25-27, 2004, World Bank

3. Options for increasing impact in achieving the MDGs

This chapter will examine ways to increase the impact of knowledge accumulated through the identification and analysis of micro-initiatives so as to support the achievement of the MDGs including strategies for the implementation of successful poverty reduction interventions based on micro-initiatives. The chapter will also cover issues related to the formulation of enabling policies and the institutional change required for turning those enabling policies into effective poverty reduction practices. The basic assumption will be that the creation of conditions to enable the poor to make their full contribution to solving their own problems and, consequently, to participate in and contribute to the growth and development of their society, should be at the centre of poverty reduction efforts by the Government or any other actor.

1.7. Disseminating knowledge on micro initiatives

1.7.1. Processes

- 1.7.1.1. Awareness raising**
- 1.7.1.2. Information transfer**
- 1.7.1.3. Capacity building**

1.7.2. Instruments

- 1.7.2.1. Regional Resource Facilities**
- 1.7.2.2. Cascading networks**

1.8. Making micro-initiative work for the achievement of the MDGs

- 1.8.1. Replication**
- 1.8.2. Adaptation**
- 1.8.3. Up-scaling**

1.9. Institutional change and policy formulation – Creating an enabling environment

4 Case studies of micro-initiatives

Illustrative examples and analysis of micro-initiatives working to achieve MDGs (Ten case studies):

- Goal 1 Eradicate extreme poverty and hunger**
- Goal 2 Achieve universal primary education**
- Goal 3 Promote gender equality and empower women**
- Goal 4 Reduce child mortality**
- Goal 5 Improve maternal health**
- Goal 6 Combat HIV/AIDS, malaria and other diseases**
- Goal 7 Ensure environmental sustainability**

Goal 8 Develop a global partnership for development

5. Conclusions

V. Liberalization of Trade under the Doha Development Agenda and its Implications for Poverty Reduction

(a) How trade liberalization is linked to the MDGs

Trade liberalization and economic growth appear to be positively correlated, and economic growth is a necessary, although not sufficient condition, for wide-scale and sustained poverty reduction efforts. The World Bank, for example, has estimated that a successful Doha round of trade liberalization negotiations will result in income increases of between 290 and 500 billion dollars and lift 144 million people out of poverty by 2015. Delivering on the promises of Doha is therefore a crucial component in attaining the MDGs.

Although some work on the linkages between trade liberalization and poverty reducing goals embodied in the Millennium Declaration is underway at the global level², these linkages have not been well studied at the regional level. This gap needs to be addressed, particularly since the outstanding feature that distinguishes the ESCAP region from all other regions is the empirical evidence it provides showing the positive correlation between trade liberalization and economic growth³. In addition, the more open economies of the region appear to have made inroads into poverty reduction. However, here the evidence becomes ambiguous, which has led to a great deal of controversy on the effects of trade openness for poverty reduction⁴. As views have swayed from one end of the spectrum to the other, a more balanced approach is emerging, centred around the idea that trade liberalization will lead to poverty reduction if complementary policies are adopted.

In light of the wide-reaching trade liberalization initiatives, particularly under the Doha Round, that are currently underway, further analysis at the regional level is required to assess poverty reduction linkages.

The studies under the project will address three issues.

The first concerns trade distortive policies that disproportionately affect the poor. The second considers trade negotiation outcomes that will be the most beneficial for reducing poverty in the ESCAP region, and the third identifies complementary policy responses and required institutional changes, including required changes in the legal and regulatory and financial frameworks and overall public governance, to effectively address the linkage between trade and poverty.

² Examples of recent studies/papers undertaken at the global level are “Background Paper of the Millennium Project Task Force on Open and Rules Based Trading System” Project Commissioned by the United Nations SG and supported by the United Nations Development Group: World Bank “Globalization, Trade and Poverty” 2003, Hoekman, et.al., “Strengthening the Global Trade Architecture for Development: the Post Doha Agenda”

³ For example, Ing, Yeats, Ng: Major Trade Trends in East Asia: What are their Implications for Regional Cooperation and Growth, June 2003

⁴ For example: World Commission on the Social Dimension of Globalization, A Fair Globalization; Johan Norberg, In Defence of Global Capitalism, Andrew Berg and Anne O. Krueger, Trade, Growth and Poverty: A Selective Survey; Jagdish Bhagwati and Arvind Panagariya “Wanted: Jubilee 2010: Dismantling Protection”, Dani Rodrik “Trading in Illusions”

(b) Areas of focus

In the ESCAP region, there are three sectors in which liberalization could have the greatest potential impact on the poor. At the same time, these sectors are also at the core of the Doha negotiating agenda.

The first is agriculture, because rectifying fundamental global imbalances in agricultural trade is central to addressing rural poverty. It has therefore become the pivotal issue around which the development dividend of the Doha negotiations will be determined.

Second, the ESCAP region gains significantly from the export earnings of labour-intensive manufactures, and the employment opportunities it generates, especially for women. At the same time however, these sectors continue to face disproportionately high trade barriers. Furthermore, the phasing out of the Multifibre Arrangement in textiles and clothing will bring about a major restructuring process in the region, with as yet unclear net effects for overall poverty reduction, and its gender-differentiated impact. Once again, not surprisingly, this is a key issue in bringing about a development-friendly outcome to the Doha negotiations.

Thirdly, the services sector, which accounts for a growing share of employment in developing countries, is another important component of WTO negotiations. Health and education services in particular are critical for poverty reduction, including gender-differentiated impacts, and also for the fulfillment of MDGs 2-6. The interface between health services and the TRIPS agreement will also be explored, particularly public health aspects, additional protection for traditional and indigenous herbal medicines, etc.

Fourthly, and perhaps most importantly, is the crosscutting issue (to the above three sectors and others) of trade policy reform as institutional reform. WTO agreements provide a mechanism to design and implement a trade reform programme, that, on average, enhances welfare and induces improved institutions.

On the positive side, the disciplines imposed by the WTO enhance the credibility of domestic institutions. WTO disciplines, by design, impose greater predictability, transparency, non-discriminatory and rule-based policy-making. They thus provide governments with a means to overcome traditional weaknesses in governance often associated with discretionary decision-making, rent-seeking etc.

On the negative side, WTO rules and outcome of negotiations are often based on conditions prevailing in developed countries. They thus impose heavy institutional demands on developing countries. For example, it has been calculated that it would cost a developing country, about US \$ 150 million to implement the Uruguay Round Customs Valuation Agreement⁵, which is more than the GDP of some LDCs. These high costs are not so much because of the rules themselves, but because of the widescale ancillary reforms and investments that are required to set up and run the institutions required for implementation of WTO commitments. "Implementation

⁵ Michael Finger, Implementing the Uruguay Round Agreements, Problems for Developing Countries, 2001

costs” thus tend to be asymmetrically distributed between developed countries and developing countries. Furthermore as WTO negotiations increasingly move ‘behind the border’ into domestic regulatory policies and administrative procedures, these institutional demands are likely to increase. The expiry of Uruguay Round transition phases, under TRIPs, for example, and the 31 July 2004 decision to launch negotiations on trade facilitation are but two cases in point.

As the Doha Round progresses, these institutional aspects will have key implications for technical and financial assistance, and for the design of S and D treatment in general, if developing countries are to share equitably in the gains from trade. . The study will therefore address these international negotiating aspects.

A more effective participation in, and conduct of the Doha negotiations (at least as compared to the Uruguay Round) and an equitable requires informed participation in rule-making at the international level. This is but one side of the equation. It also requires the reconciliation of international commitments with national priorities. WTO negotiations and commitments as has been argued above, bring about radical changes in the way countries formulate policies and the structure, types and linkages among national institutions.

WTO induced institutional reforms should seek to promote a national multi-sectoral participatory process stretching across a wide spectrum of government institutions. In developed countries, institutions are designed to effectively link with domestic interest groups, while in most developing countries this link is more tenuous, thus affecting their ability to build political support needed for welfare improving reforms. Furthermore, as these issues become more complex, strategies, policy objectives and their distributional effects could conflict with each other across sectors. Mechanisms for promoting a holistic dialogue, participation and consultation among stakeholders – planners, sector-specific officials, business interests, development practitioners, academia, civil society advocacy groups – are required. Resolution of these issues in a transparent way will improve trade governance. International commitments will then be seen as a useful means of attaining national development objectives, and as a means of locking in economic reform packages in a bottom-up process. This is by no means an easy task, nor a cost-free one, as trade policy reform is essentially a redistributive policy instrument with gainers and losers. The study will focus on these domestic institutional processes and mechanisms.

(c) Statistical work

For the manufacturing and the agriculture part of the TBPs, MDG indicators 38 (proportion of total developed country imports by value and excluding arms from developing countries and from LDCs admitted free of duties) and 39 (average tariffs imposed by developed countries on agricultural products and textiles and clothing from developing countries) will be used, in addition to the indicators on poverty (1-3), and hunger (4-5). As indicators 38 and 39 are currently reported only at a global level, ESCAP has already commenced work to develop regional and national breakdowns. To the extent possible, ESCAP will use the WTO Integrated Database (IDB) as well as the Consolidated Tariff Schedules (CTS) to which ESCAP has recently been granted

full access. Use will also be made of other databases such as those maintained by UNCTAD, e.g. TRAINS. The agriculture part will also make use of the MDG indicator 40 (Domestic agricultural support in OECD countries), for which the secretariat will also develop regional breakdowns. The manufacturing part, and to some extent the services part, will additionally reflect MDG indicator 11 (Share of women in non-agricultural sector). The services part will use the MDG indicators 6-8 (for education services) and 13-24 (for health services). Complementary data sources, e.g., from the GTAP database, will be used as appropriate, by ESCAP staff and/or external consultants. The collection and use of primary data is not foreseen. Finally, the secretariat will develop regional breakdowns for indicator 41 (proportion of ODA provided to help build trade capacity)

(d) Resources

The TBPs and the development of a regional statistical database for the MDG indicators indicated above, will be undertaken by staff of the Trade Policy Section, Trade and Investment Division of ESCAP. This will entail about 6 workmonths. Sector-specific international consultants, at senior level, will also be recruited to provide technical inputs.

VI. Institutional Changes for Achieving the Water-related targets of MDGs in Asia and the Pacific Region

1. Introduction

Water is becoming scarce worldwide both in terms of its quantity and quality. Such scarcity is particularly serious for countries in Asia and the Pacific with the largest share of global population, irrigated area, people under poverty, and those lacking basic water supply and sanitation services. While some countries in this and other regions were able to address these problems with success, the overall progress has been rather slow from a global perspective. Realizing the need to address these development challenges within a time-bound and targeted framework, the Millennium Development Goals (MDGs) were established by the UN General Assembly in its Millennium meeting in 2000 with a clear mandate for achieving these goals by 2015. MDGs are now commonly accepted as a framework for measuring progress in reducing poverty, hunger, gender equity, literacy, mortality, and environmental sustainability.

Ever since the establishment of the MDGs, international organizations, donor agencies, and policy-makers are exploring the ways for achieving the MDG targets from different disciplinary angles and regional perspectives. In view of their central role in providing food, livelihoods, and basic water and sanitation amenities, water resources use and management have a major bearing—either directly or indirectly—on most of the MDGs. This can be seen in more detail from Annex-1. The Technical Background Paper (TBP) on: “Water, Food, Livelihood, Sanitation, and Health” being prepared as part of the UNDP/UNESCAP Project: “Supporting the Achievement of the Millennium Development Goals (MDGs) in Asia and the Pacific (Phase II)” aims to provide a regional review of the achievements, challenges, lessons, and options in using water as a key instrument for realizing the MDG targets in the Asia and the Pacific region.

While water resources can be a powerful vehicle for addressing most of the MDGs through food, water-based amenities, and income for health and education, their efficient and equitable use requires major changes in the institutional arrangements governing water development, access, and management. There is a need for a rethinking on most of the existing water laws, policies, and organizations, with a strong emphasis on creating new institutional and management frameworks that more explicitly target, the needs and opportunities of the poor (UNESCO, 2003) as well as the requirements of environmental sustainability. This study attempts to address the institutional dimensions of the water sector from the perspectives of MDGs in the particular context of the Asia and the Pacific region. By adopting a broader perspective of water sector, water-Food-poverty- gender-environmental linkages, and water institutions, it provides inputs to the larger objectives of the TBP on: “Water, Food, Livelihood, Sanitation, and Health”. The specific objectives of this study are to (a) review the existing structure of and ongoing changes in water institutions in the Asia and the Pacific region, (b) assess how conducive are they for achieving the MDGs, (c) identify best practice cases of institutional reforms in relation to the MDGs, and (d)

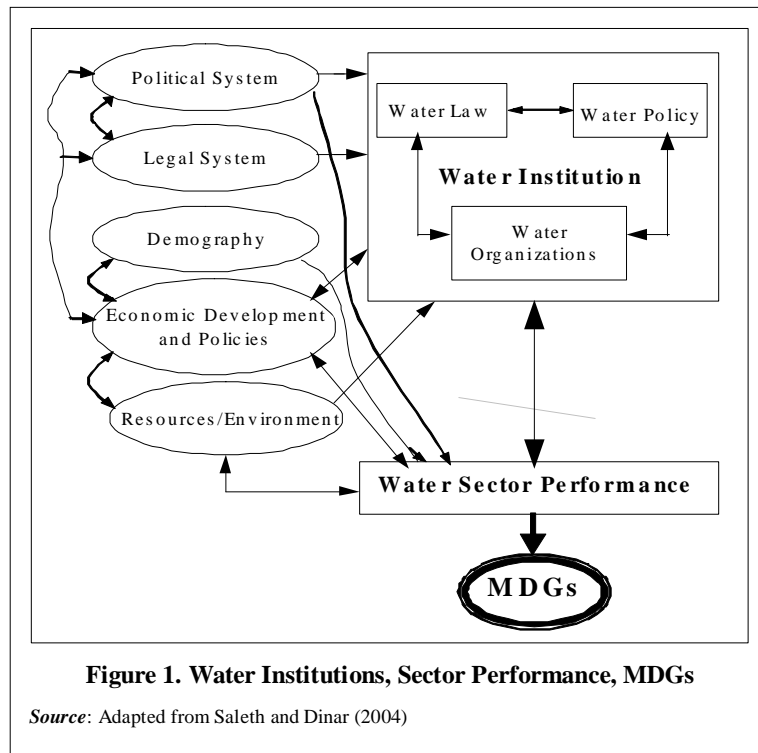
indicate what are the national and regional options and strategies for promoting institutional changes that could enable the water sector to contribute to the realization of the MDGs.

2. Conceptual Framework

The contour and focus of the review of water institutional structure and change are set by the way 'water sector', 'water impact', and 'water institutions' are conceived for analysis. Broadly, water sector considered to cover the role of water in irrigation, water supply and sanitation, and ecosystem. A partial schema of the pathways in which water affects the food-livelihood-gender-health-environment interface is presented in Annex-2. As can be seen in the figure in Annex-2, the water interface is constantly being influenced by various natural factors, socio-economic conditions and policies, and technological interventions. Notably, the pathways of water impact provide a basis for developing indicators for benchmarking and evaluating the performance of water sector in different spheres and various national and regional contexts. Although water sector conceived broadly to capture the multifarious impacts of water channeled through various pathways, the evaluation has necessarily to be selective in view of some conceptual and data problems. As a result, the focus will be on the key aspects of the food, livelihood, amenity, and ecological impacts on poverty and gender. However, these aspects will be considered both from macro and micro perspectives.

Consistent with the institutional economics literature (e.g., Bromley, 1989; North, 1990), water institutions are conceived in a much broader sense than mere organization. Water institution sets the rules and defines, thereby, the action sets for both individual and collective decision-making in the realm of water resource development, allocation, and use, and management. Since these rules are often formalized in terms of three inter-related aspects, i.e., legal framework, policy environment, and administrative arrangement, water institutions can be conceptualized as an entity defined interactively by its three main analytical components, i.e., water law, water policy, and water administration. Water institutions can be viewed both from macro and formal perspective as well as from a micro and informal perspective. However, formal institutional components both at the macro micro levels are more amenable for change through purposive policy initiatives as well as for comparison across national contexts.

The factors that lead to changes in the three main dimensions of water institutions, i.e., water law, water policy, and water administration, are many with a diverse origin and varying level of impact. For analytical convenience, these factors can be grouped into endogenous factors that are internal to water sector and exogenous factors that are outside the strict confines of both water institution and water sector. The endogenous factors include water scarcity, water conflicts, financial and physical deterioration of water infrastructure, and operational inefficiency of water institutions. The exogenous factors include general legal system, economic development, demographic growth, technical progress, economic policies, political reforms, international commitments, changing social values and ethos, and natural calamities including floods and droughts. The roles of these factors in affecting the performance of water sector and water institutions and how such performance can influence different MDGs are indicated in Figure 1. The exogenous factors, in fact, define the general environment within which water-institution interaction occurs while the endogenous



factors capture the dynamics of such interaction.

In Figure 1, two distinctive parts can be distinguished, i.e., the general environment defined by the exogenous factors and the structural features of the water institutions. From a broad perspective, the institutions can be decomposed by distinguishing the *institutional structure* (or, governance structure) from its *institutional environment* (or, governance framework) (Williamson 1975; North 1990). Following the recent works of Saleth and Dinar (2004), this study takes institutions as entities defined by a configuration of legal, policy, and organizational rules, conventions, and practices that are structurally linked and operationally embedded within a well-specified environment. Recognizing well its structural linkages and embeddedness, the water

institutions can be decomposed further to highlight some of the key institutional components and aspects. For instance, water institutions can be analytically decomposed into these three interrelated components, i.e., water law, water policy, and water organizations (cf. Ostrom, 1990).

Each of the institutional components can also be decomposed further to highlight some of the key institutional aspects. For instance, water law can be decomposed to highlight: (a) inter-governmental responsibility, (b) treatment of water sources and water-related resources (c) water rights, and (d) conflict resolution mechanisms, (e) accountability provisions, and (f) scope for private sector participation. Similarly, water policy can be decomposed to shed light on: (a) inter-sectoral priority, (b) project selection criteria, (c) pricing and cost recovery, (d) inter-regional/sectoral water transfers, (e) user and private sector participation policy, and (f) policy linkages with other sector and technology policies. In the same way, the organizational dimension of water institutions can be decomposed to focus on: (a) the relative role of government layers, (b) organizational structure (c) budgetary adequacy and staffing pattern, (d) autonomy, (e) regulatory mechanisms, and (f) information and technical capabilities. It is these aspects that will be used as an analytical framework for organizing a comparative review of existing structure and ongoing and changes in the water institutions vis-à-vis the institutional needs of the MDGs across countries in the Asia and the Pacific region.

3. Structure and Coverage

Adopting the conceptual framework outlined above, utilizing the information from similar institutional works done already by organizations such as UNESCAP, ADB, World Bank, and other organizations and individual researchers, and benefiting from inputs and interactions with others working on the TBP, the study will contribute to the preparation of the TBP. Specifically, the study will be organized around the following key aspects related to all or select countries in the Asia and the Pacific region, depending upon context and information availability.

- (1) Description of the conceptual and methodological aspects
- (2) Review the progress, key issues, and constraints in achieving the water-related targets of MDGs at the regional, sub-regional, and national levels
- (3) Review of the changes, trends, and patterns in the water sector.
- (4) Review of the key features of existing structure and ongoing changes in the institutional arrangements governing the water sector of select developing countries.
- (5) Assessment of how conducive or favorable the conditions in water sector and the structure and changes in water institutions are for achieving the water-related targets of MDGs at the regional and national level.
- (6) Identification of the best practices and learning instances to show the way the institutional conditions and changes lead to an improved access to the food,

livelihood, water supply and sanitation, and health benefits to the poor, including women.

- (7) Recommendations on the format and major thrusts of future national, regional, and international strategies for advancing institutional reforms in the water sector of the developing countries in the Asia-Pacific region.

Structured, more or less, following the above scheme, the study will be of up to 50 pages. It will be presented in the Expert Group Meeting on Institutional Changes and Partnerships in Achieving Water, Sanitation and Health Targets of MDGs in Asia and the Pacific in Bangkok to highlight its major outcomes, conclusions, and recommendations.

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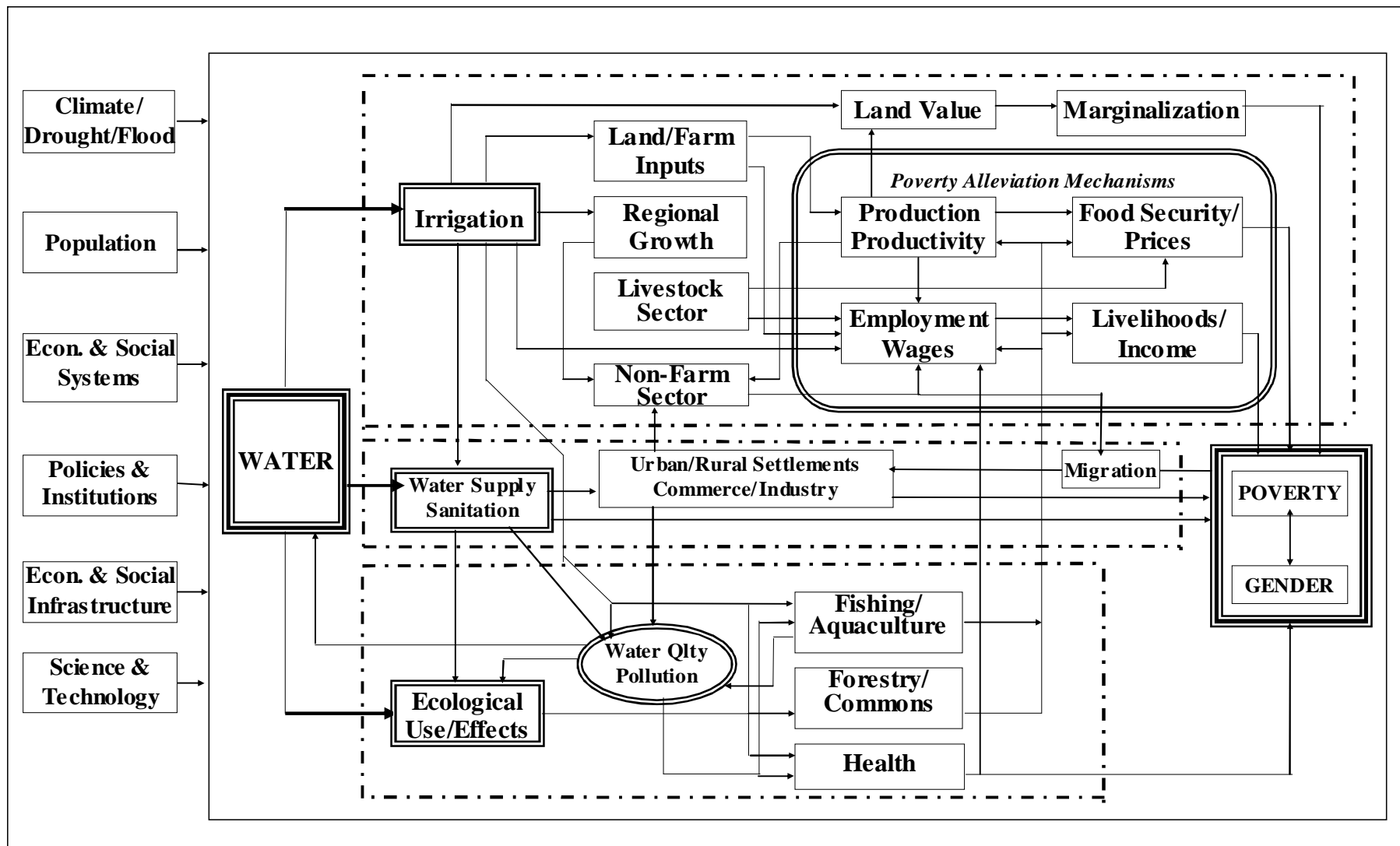
Annex-1
Role of Water in Achieving the Millennium Development Goals

Millennium Goals		How water management contributes to achieving goals	
		<i>Directly contributes</i>	<i>Indirectly contributes</i>
Poverty:	To halve by 2015 the proportion of the world's people whose income is less than US\$1/day	<ul style="list-style-type: none"> • Water as a factor of production in agriculture, industry and other types of economic activity • Investments in water infrastructure and services act as a catalyst for local and regional development 	<ul style="list-style-type: none"> • Reduced vulnerability to water-related hazards reduces investments/production risks • Reduced ecosystems degradation boosts local-level sustainable development • Improved health from better quality water increases productive capacities
Hunger:	To halve by 2015 the proportion of the world's people who suffer from hunger	<ul style="list-style-type: none"> • Water as a direct input into irrigation, including supplementary irrigation, for expanded grain output • Reliable water for subsistence agriculture, home gardens, livestock, tree crops • Sustainable production of fish, tree crops and other foods gathered in common property resources 	<ul style="list-style-type: none"> • Ensure ecosystems integrity to maintain water flows to food production • Reduced urban hunger by cheaper food grains from more reliable water supplies
Universal primary education:	To ensure that, by 2015, children everywhere will be able to complete a full course of primary schooling		<ul style="list-style-type: none"> • Improved school attendance from improved health and reduced water-carrying burdens, especially for girls
Gender equality:	Progress towards gender equality and the empowerment of women should be demonstrated by ensuring that girls and boys have equal access to primary and secondary education		<ul style="list-style-type: none"> • Community-based organizations for water management improve social capital of women • Reduced time and health burdens from improved water services lead to more balanced gender roles
Child mortality:	To reduce by two thirds, between 1990 and 2015, the death rate for children under the age of five years	<ul style="list-style-type: none"> • Improved quantities and quality of domestic water and sanitation reduce main morbidity and mortality factor for young children 	<ul style="list-style-type: none"> • Improved nutrition and food security reduces susceptibility to diseases
Maternal mortality:	To reduce by three quarters, between 1990 and 2015, the rate of maternal mortality	<ul style="list-style-type: none"> • Improved health and reduced labour burdens from water portage reduce mortality risks 	<ul style="list-style-type: none"> • Improved health and nutrition reduce susceptibility to anemia and other conditions that affect maternal mortality
Major diseases:	To halve, by 2015, halt and begin to reverse the spread of HIV/AIDS, the scourge of malaria, the scourge of other major diseases that affect humanity	<ul style="list-style-type: none"> • Better water management reduces mosquito habitats and malaria incidence • Reduced incidence of range of diseases where poor water management is a vector 	<ul style="list-style-type: none"> • Improved health and nutrition reduce susceptibility to HIV/AIDS and other major diseases
Environmental sustainability:	To stop the unsustainable exploitation of natural resources and to halve, by	<ul style="list-style-type: none"> • Improved water management, including pollution control and sustainable levels of abstraction, 	<ul style="list-style-type: none"> • Development of integrated management within river basins creates conditions where

	2015, the proportion of people who are unable to reach or to afford safe drinking water	are key factors in maintaining ecosystems integrity <ul style="list-style-type: none">• Actions to ensure access to adequate and safe water for poor and poorly serviced communities	sustainable ecosystems management is possible and upstream-downstream impacts are mitigated
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Source Soussan (2002).

Annex-2
A Partial Schema of 'Water-Food-livelihood-Health-Poverty-Gender' Nexus



Source Saleth, et al. (2003).