

Ishrat Husain: Global partnership for development

Remarks by Mr Ishrat Husain, Governor of the State Bank of Pakistan, at the Plenary session of the First International Conference on Volunteerism and Millennium Development, Islamabad, 7 December 2004.

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I will begin my remarks by taking a stock of the progress that has been made in the implementation of MDG agenda so far before I dwell on the Goal 8 specifically. My main sources of information are the Global Monitoring Report 2004 prepared by the World Bank and the Human Development Report 2003 prepared by the UNDP. A reading of this evidence suggests the following broad conclusions:

- In regard to income poverty goal of halving income poverty between 1990 and 2015 the situation remains uneven. Due to the marked improvement in China and India, the World's two most populous countries, the goal is likely to be met. East Asia has already met it as the number of people living on less than \$1/a day has halved just in the 1990s. However, Sub-Saharan Africa (SSA) is seriously lagging behind. Low income countries under stress (LICUS) about half of which are in Africa are at risk of falling far short.
- Prospects for meeting education goals appear more promising than in health. It is at least comforting that the goal of providing universal primary education will be achieved in most regions with the exception of Sub-Saharan Africa. However, gender gap are quite stark. Two-thirds of the illiterate adults are women and three-fifths of the children out of school are girls. These gaps are likely to persist and gender equality goal will be missed.
- Overall the goal of halting and reversing the spread of HIV/AIDS and other major diseases appear daunting. Their incidence continues to rise, further aggravating conditions affecting child and maternal mortality and entailing broad and serious economic and social consequences. Health system in poor countries are seriously underfunded with average public spending at almost one third of the WHO's estimate of bare minimum of basic health services.
- The health goals are rendered more difficult by the large gaps in access to safe drinking, water and basic sanitation. The gaps are largest in SSA for water and in South Asia (SA) for sanitation. The goal of halving by 2015 the proportion of population without access to safe water and sanitation means providing an additional 1.5 billion people with water and 2 billion with sanitation. With current rates of progress only about one fifth of countries will achieve the target increase; among low income countries (LICs), only about one-tenth will make it.

In overall terms, East Asia will meet the goals as it has countries such as China and Thailand, which have already made it. At the other end Cambodia and PNG are seriously off track.

In general, middle income countries (MICs) are much better positioned to achieve the MDGs than the low income countries (LICs). The MICs will still have 280 million people living on less than \$1/day and 870 million people living less than \$2/day. There are 59 top and high priority countries identified by UNDP where failed progress and terribly low starting levels undermine many of the goals.

Now I turn to the question: what needs to be done in the next ten years i.e. until 2015 by different partners in this business.

The achievement of the development goals will require rising above current trends and accelerating the pace of development and doing so swiftly. There is a need to scale up the action and there are three ways to do so. 1) Accelerating and deepening reforms to achieve stronger growth, 2) Empowering and investing in poor people - stepping up action to improve the delivery of services affecting HD, 3) Matching stronger developing countries efforts to spur growth and improve service delivery to poor people with stronger support from developed countries. What is required by each of the partners in this compact is briefly outlined in the following paragraphs.

Developing countries:

Developing country policies have improved most notably in Asia but also in many countries in Sub-Saharan Africa. But public sector governance remains the weakest area of the reform agenda in

most countries. Institutional dimensions of reform are critical both for good macroeconomic management as well as delivery of services.

A) *Economic and financial policies*

The developing countries should continue to pursue;

- Prudent fiscal management and sound public financial management for reducing vulnerability to crises.
- Outward-oriented strategies by reducing tariff and non-tariff barriers and trade liberalization.
- Deregulation and strengthening institutions - especially property rights, rule of law.
- Implement stronger and deeper financial sector reforms to channel savings to productive uses and broaden access to finance.

B) *Human development*

- Allocate more resources and ensure more effective use of these resources for accelerating HD. They can increase the impact of existing spending by proper targeting of subsidies.
- Put in place well targeted social safety nets that protect poor and vulnerable.
- Empower women.

C) *Public sector governance*

- Accelerate governance reform - institutions to manage development interventions.
- Decentralize delivery of services with financial and administrative powers.
- Control corruption and promote transparency and accountability.

D) *Environmental management*

- Build appropriate policy and institutional framework.

Developed countries

Developed countries have to carry out the following responsibilities.

- Trade barriers are a major impediment to global well being. Trade policy reforms particularly in removing agriculture subsidies will be a major source of gains for the world economy and poor countries.
- Liberalization of services trade, including migration will help raising incomes in developing countries.
- A substantial increase in ODA from the present level of \$58-60 billion in 2002. or 0.23% of GNI in line with the Monterrey Consensus to 0.7 percent of GNI.
- Improving the allocation of aid - selectivity on basis of country performance.
- Increasing the effectiveness of aid through improved alignment and harmonization.
- Providing aid in forms that are responsive to country circumstances and needs.
- Provide debt relief and debt sustainability to Heavily indebted poor countries.

International financial institutions and the UN family

- Work towards debt sustainability for the Heavily indebted poor countries.
- Increase financial and technical assistance to Sub-Saharan Africa.

- Put in place crisis prevention and crisis management mechanism.
- Help build capacity building in poor countries.
- Play advocacy role vis a vis developed countries.

NGOs and voluntary groups

- Actively participate in the provision and financing of basic services to the poor.
- Mobilise the poor and the target groups for participation, empowerment and capacity development.
- Learn from the successes and failures of the innovative models of delivery to the poor.
- Share and disseminate critical success factors in mobilizing communities and voluntary groups.
- Complement the efforts of the governments, international organizations in verifying the progress and results of the MGD.

Academia, research institutions and statistical agencies

- Timely statistics on the development outcomes, fill in the gaps in data collection, and build statistical capacities in the developing countries.
- Research on transmission mechanisms and relative weights of the various determinants of growth and poverty reduction and interrelationships among them.

Media groups

- Communicate, highlight and disseminate widely the success stories of projects and programs of countries, and innovative models of delivery of services and outreach to the poor.
- Promote awareness and keep a vigilant eye on the various stakeholders in meeting their commitments.

Conclusion

To conclude, the global partners must now onwards focus on the lagging regions such as Sub-Saharan Africa, lagging countries within the achieving regions such as Cambodia and Papua New Guinea and lagging provinces, states and districts within the successful countries such as Guizhou, Yunnan and Xinjiang in China.

There is a strong evidence to confirm the existence of virtuous cycle linking education and economic growth. Education is critical to better health and nutrition. Better education, health and nutrition increase the productivity that leads to economic growth. Growth then generates resources that are deployed to finance improvement in health and education, further raising productivity. Critical in this cycle is the female education which has the highest direct and indirect rates of return among all types of investment. Educated and healthier women participate in the labor force, contribute to higher productivity by adopting new techniques and innovations and thus raise level of household incomes. The higher growth outcome achieved in this benign way also reduces incidence of poverty. Thus investment in female education must be given the highest priority.

Within a country, the scale and effectiveness are the two main determinants of achieving the millennium goals. The scaling up effort cannot take place without the active involvement and capacity of the government at all levels. Planning, coordination, monitoring and filling in the capacity gaps by the government are essential ingredients of any meaningful scaling up. Improved delivery of education and health services as well as availability of water and sanitation to the poor people can best be done by the government. These not only require investments but also reforms in policies and institutional framework.

On the other hand the effectiveness of the delivery of services and right targeting are difficult to achieve without the active involvement and serious efforts of the communities for which volunteers and voluntary organizations are best suited. The capabilities of poor people to participate in and benefit from growth will have to be upgraded and that can be done only by the volunteers and community leaders. Successful innovations such as EDUCO in El Salvador, the PROGRESO programmed in Mexico, Female Secondary School assistance in Bangladesh are good examples of community engagement in effective service delivery. In Bangladesh are good examples of community engagement in effective service delivery. In Porto Alegre, Brazil, public monitoring of local budgets has brought huge improvement in services.

The various stakeholders involved in this global partnership i.e. the developing countries, developed countries, international financial institutions and the UN family, NGOs and voluntary organizations, the academia and media should examine their own role, responsibilities and attainments. They should mainly focus on the system-wise issues and the lagging regions, countries and areas to give them a helping hand in boosting their outcomes.