

MDGS, INCLUSIVE GROWTH AND GOVERNANCE

Naimur Rahman
OneWorld Foundation India, New Delhi
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India has made impressive progress in recent years with regard to its performance in growth and other macro-economic dimensions. Economy of India, the 4th largest in the world by purchasing power parity (PPP), has been experiencing fast-paced growth with growth rates exceeding 8 per cent a year between 2004 and 2007. Even though the growth rate slowed down slightly in 2008-09 owing to global financial crisis, with subsequent early recovery the rate of economic growth is once again back to 8.90 percent. Economists predict that by 2020, India will be among the leading economies of the world.

However, the economic growth has not been sufficiently inclusive. While agriculture is the predominant occupation in India accounting for about 52% of employment, its contribution to the country's GDP is only 17.5% and in 2009-10 it recorded a negative growth of -0.2%. In contrast, the service sector with 34% employment contributes to more than 60% of country's GDP.

The incidence of poverty is still very high – a the Planning Commission Expert Group regarding poverty lines (Tendulkar Committee) had estimated this to be at 37.2 percent. UNDP Human Development Report 2010 Multi-dimensional Poverty Index (MPI) argues that, if one takes a multidimensional approach (a composite index of indicators of social development), an unacceptably high 55.4% of India's population are poor – and it accounts for 39% of world's total number of poor people. The percentage of poor among marginalised communities and regions are even higher – 8 states in India have as many poor people (421mn) as the 26 poorest African countries (410mn). Large sections of people are yet to access quality basic services in health and education; and unacceptably large number of people still does live under the condition of acute hunger.

The contradiction between India's economic growth and its high poverty related indicators points to skewed priorities with regard to growth and development, and could be attributed to inadequate policy focus on pro-poor growth on one hand; and significant failures in delivery of citizen centric public service, on the other. These clearly signify the need for far greater accountability of governance and political system to translate democracy into human development. While democratic elections in regular periodicity do offer an accountability mechanism, this alone does not provide enough accountability to empower the poor. Politicians

may not face adequate electoral pressures to improve services; or policymakers may lack effective ways of holding programme implementation mechanisms accountable. In such circumstances, social actions by informed citizens' collective to demand accountability from policymakers and service providers may be effective.

In India, there are multitude of such examples, where the process of deepening democracy at local level have embraced an array of institutional arrangements, including local participatory processes – to define the relationship, mutual rights and obligations between the entities of government and the citizen – and leading, as corollary, to greater democratization of processes of development and governance.

Governance and Inclusive Growth

Governance is a continued process of aggregation and articulation of public demand and subsequent conversions into deliberate policies and therefore can provide the 'enabling environment' for inclusive growth and realization of the MDGs. There is now a stronger evidence-base that better government matters significantly for inclusive growth and poverty reduction.

While high economic growth is a necessary condition for self-sustaining development, this needs to be accompanied with accountable & transparent public administration, efficient delivery of services, and appropriate public investment in physical and intellectual capital – to ensure that the gains of economic growth are shared widely by citizens. This needs to be complemented with carefully designed and targeted pro-poor policies and programme interventions, ideally deployed through decentralized local governance – to redistribute some of the gains of growth to those weaker sections of the society, who are unable to participate equitably in the market processes, and therefore got left behind.

All these aspects are crucial for development and societal transformation towards realisation of Millennium Development Goals. At the same breadth, MDGs and their associated norms and values are the quintessential means of building trust in government and government institutions.

Millennium Development Goals

In September 2000, 189 Member States of the United Nations came together in the largest gathering of world leaders in history to adopt the United Nations Millennium Declaration, and there by pledge that their countries will act to significantly reduce the extreme poverty and inequality that affected more than a billion people at the turn of the century (70% of them being

women) and contribute to the creation of a 'more peaceful, prosperous and just world'. Eradicating poverty and hunger, ensuring universal primary education, promoting gender equality and empowering women, combating HIV/AIDS, malaria and other diseases, reducing child mortality, improving maternal health, and achieving environmental stability constitute the pillars of the Millennium Development Goals. MDGs are a concise set of 8 goals, 18 numerical targets and over 40 quantifiable indicators to assess progress in world development for the period of achievement set out in the Millennium Declaration, namely 2000-2015.

Millennium Development Goals (MDGs)	
Goals	Targets
Goal 1: Eradicate extreme poverty and hunger	Target 1.A: Halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day
	Target 1.B: Achieve full and productive employment and decent work for all, including women and young people
	Target 1.C: Halve, between 1990 and 2015, the proportion of people who suffer from hunger
Goal 2: Achieve universal primary education	Target 2.A: Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling
Goal 3: Promote gender equality and empower women	Target 3.A: Eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education no later than 2015
Goal 4: Reduce child mortality	Target 4.A: Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate
Goal 5: Improve maternal health	Target 5.A: Reduce by three quarters, between 1990 and 2015, the maternal mortality ratio
	Target 5.B: Achieve, by 2015, universal access to reproductive health
Goal 6: Combat HIV/AIDS, malaria and other diseases	Target 6.A: Have halted by 2015 and begun to reverse the spread of HIV/AIDS
	Target 6.B: Achieve, by 2010, universal access to treatment for HIV/AIDS for all those who need it
	Target 6.C: Have halted by 2015 and begun to reverse the incidence of malaria and other major diseases
Goal 7: Ensure environmental sustainability	Target 7.A: Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources
	Target 7.B: Reduce biodiversity loss, achieving, by 2010, a significant reduction in the rate of loss
	Target 7.C: Halve, by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation
	Target 7.D: By 2020, to have achieved a significant improvement in the lives of at least 100 million slum dwellers

Millennium Development Goals (MDGs)	
Goals	Targets
Goal 8: Develop a global partnership for development	Target 8.A: Develop further an open, rule-based, predictable, non-discriminatory trading and financial system.
	Target 8.B: Address the special needs of the least developed countries.
	Target 8.C: Address the special needs of landlocked developing countries and small island developing States
	Target 8.D: Deal comprehensively with the debt problems of developing countries through national and international measures in order to make debt sustainable in the long term
	Target 8.E: In cooperation with pharmaceutical companies, provide access to affordable essential drugs in developing countries
	Target 8.F: In cooperation with the private sector, make available the benefits of new technologies, especially information and communications

Over the years MDGs have become as one of the most important set of indicators for fighting poverty and ensuring just development across the globe. In spite the criticism from some activist groups, the MDGs have been able to galvanize to action, both the Government and the citizen and civil society.

The 11th Five-year plan of India had reaffirmed its commitment to attain the MDGs. However, two-thirds of the way to the target period (2015), the overall progress made by India on achieving the MDGs so far presents a sobering picture, against a backdrop of great expectations.

Going by the rate of poverty reduction during last 15 years, the country is unlikely to have halved their 1990 levels of poverty earlier or around 2015; similarly, healthcare service delivery remains another huge concern. It is therefore not surprising that India still witnesses the highest number of women dying due to complications during pregnancy and childbirth. India is home to the world's largest food insecure population and in 2010 has been ranked at 67th in the Global Hunger Index, way below neighbouring China which ranked as ninth.

Addressing the challenge of reducing high incidence of poverty, together with incidence of acute hunger and healthcare delivery deficit – especially in the States of Bihar, Chhattisgarh, Jharkhand, Madhya Pradesh, Orissa, Rajasthan and Uttar Pradesh, which are home to more than 40% of country's population - will determine the success or failure in achieving the MDGs in India.

Governance and MDGs

As we would see in a subsequent section, access to resources is not the key challenge in India for achieving MDGs. Improving management of public resources and formulating more effective, accountable and inclusive governance framework would be the key to sustained progress in development, poverty reduction and achieving MDG targets in India. And this can be reinforced with mechanism for greater public scrutiny on the utilisation of public resources for development endeavour.

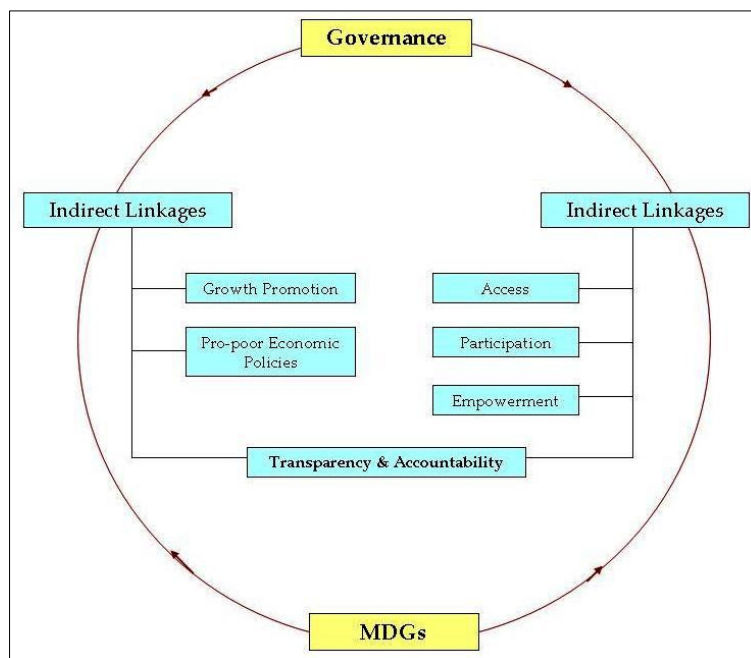
Achievement of the MDGs requires conducive policy framework for promoting growth, steering allocation of sufficient resources for poverty reduction and human development efforts and their adequate utilisation. Concurrently, the State need to create *access & space* for enabling participation of citizens, the civil-society and non-state actors in the process; and leveraging these capabilities to reinforce governmental capacity for public service delivery. Linkage between governance and MDGs can thus be attributed in two aspects:

- (i) Indirect linkage via growth;
- (ii) Direct link between each MDG and certain elements of governance.

Achieving MDGs inevitably require resources and hence economic growth, in particular pro-poor growth, is a key pre-requisite for sustained development. There is also research based evidence that indicates good governance leads to higher growth. Economic aspects of governance are therefore a key indirect driver in MDG effort.

However 'good governance' is not a self-generating product or service that develops automatically when

country becomes wealthier – in practical terms policy-makers and civil society need to work continuously at improving governance within the countries through certain direct enabling environments. Enhanced access of the marginalised and their empowerment and participation in the decisions of the State, besides the issues of improved transparency of public administration directly influences governance behaviour for MDGs.



And this needs to be supplemented with a high level of human capital; competent and well-functioning public service, independent judiciary, along with open and transparent public institutions, and extensive participation of citizens and civil society do contribute to improved institutions of governance and in turn ensure that proper policies are formulated and their implementation monitored.

Investment in factors like education and health eventually carry the potential of boosting economic growth and human capital accumulation. Achievement of MDGs can potentially lead to high growth and improved human capital accumulation. This underscores the importance of MDGs for growth, directly through efficient public sector management and innovations in governance practices, and indirectly through development of knowledge capital and enterprises – contributing to economic growth.

Pro-poor Budgetary Policies for MDGs

The Central and State Governments in India have made noteworthy budgetary commitments for poverty reductions. Over the last five years the Central Government has significantly enhanced the budgetary focus on pro-poor allocations through a range national flagship programmes – in education (Sarva Shiksha Abhiyan), rural healthcare (National Rural Health Mission), rural employment (NREGS) and urban renewal (Jawaharlal Nehru National Urban Renewal Mission) - also the stimulus package announced by Government of India to tide over the financial crisis focused on enhancing the buying power of the poor and promoting social services. However, the State public expenditure on the social sector has actually declined during this period – leading to near stagnation of aggregated share of plan expenditure going to social sector. This once again reflects the need for ushering pro-poor orientation of fiscal policy as well at the State level – to halt the declining trend of States’ Plan Expenditure in the sector, and to ensure that adequate resources are available for social sector investment.

End Note

Given the key role of the government in promoting human development and its growing political significance, MDGs today have become central within the governance discourse. There has been increasing realisation that to create effective, accountable public authority, there needs to be a balance between the government exercising power to ‘steer’ development agenda – and embedding this within societal processes and actors to provide the legitimacy and ‘buy in’.