

**A FRAMEWORK FOR INTERGRATING MDGS IN NATIONAL DEVELOPMENT
STRATEGIES: REVIEW OF REGIONAL EXPERIENCES AND LESSONS FOR
ACCELERATED MDG IMPLEMENTATION**

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1. INTRODUCTION

1.A Background

The journey towards realizing Millennium Development Goals (MDGs) at country levels effectively began with the turn of the century; and two-third of the journey towards 2015 has been traveled with lot achieved; and yet, much remains to be accomplished. The average picture on trend in poverty in the Asia-Pacific region suggests of significant achievements; which however hides the regional differences, particularly between East Asia and South Asia. The MDGs Report 2010 of the United Nations¹ notes 10 percentage points reduction in poverty in Southern Asia during 1990-2005. Poverty reductions during the same period had been 20 percentage points in South-Eastern Asia and by 44 percentage points in Eastern Asia. The decade of efforts had not always been smooth and coordinated. Mobilizing sufficient convictions around MDGs at national levels, translating the visions into feasible activities to be implemented by various stakeholders, and the coordination amongst external partners and with various national agencies had not been easy. In addition, volatility in international commodity prices leading to unprecedented increases in fuel and food prices during 2007-08, and subsequent global financial crisis and economic slowdown had adversely affected the progress towards achieving MDGs in many developing countries. With only five more years to go, prospects of achieving MDGs are shadowed by looming pressure from increasing fuel and food prices. Yet, it is widely recognized that, at both good and bad times, progress towards MDGs at national levels may be sustained by integrating MDGs in the National Development Strategies (NDS) - which is the central theme of the present paper.

In the Outcome Document of the 2005 UN Summit on MDGs, a commitment was made by the countries in the region to develop and implement MDG-based NDS. Incorporation of MDGs, including targets and indicators suitable for individual country situations, remains a key precondition for achieving accelerated progress in MDGs. An assessment on progresses made and lessons learnt was deemed necessary for forging ahead for accelerated MDG realization. In order to enhance our understanding about the various ways to incorporate MDGs into various country-level NDS and appreciate good practices in service delivery systems and resource mobilization norms and strategies that allow countries to implement MDG-based NDS, this paper presents selected experiences and lessons on MDG implementation in eleven countries in the Asia-Pacific region². The latter is meant for stock-taking as well as to recommend a simple framework for integrating MDGs in NDS in the coming years. In the illustrations beyond integration of MDGs, several issues highlighted include delivery of services, sub-national differences and capacity needs. There have been difficulties in accessing comparable information on all relevant variables, and it is expected that a review exercise such as this continues to be regularly updated by country-level inputs and regional synthesis.

1.B Selected Concepts and Scope

A national government's development strategy is normally stated in its Plans; and the latter may be referred to as National Strategic Development Plan (NSDP), Poverty Reduction Strategy Paper (PRSP), Five Year Plan (FYP) or some sector plans. Thus, NDS, in the current context, refers to the stated strategies in these documents. When sector plans are considered, only those directly relevant for the social sector MDGs have been addressed.³

The Outcome Document of the 2005 UN Summit did not spell out the operational meaning of 'MDG integration', which remains a pre-requisite for the current exercise. For the purpose of this paper, integrating MDGs in NDS is meant to imply some or all of the followings, and the degree of integration may vary accordingly:

¹ United Nations, *End Poverty 2015, Millennium Development Goals*, New York, 2010.

² Review of Indonesian experience has been limited since it was included in the exercise only at a later stage.

³ ESCAP-ADB-UNDP (2010) addresses social safety nets (SSNs) under poverty reduction sector. Since poverty reduction demands more than those addressed under SSNs, the discussion in this report takes a different route.

- Did the national development strategy formally acknowledge the MDGs as Plan objectives?
- Is there a country MDG report to track progress? How many and when was the last one done?
- Has any MDG costing been done? If yes, has such costing been incorporated in the NDS documents?
- Have the sub-national MDGs been developed?

Attempts are also made to account for the degree to which targets set in NDS conform to those set under country's MDGs.

It is acknowledged that mere 'integration' of MDGs in national documents (identified above) may not mean much unless effective attempts are made to implement the stated goals, objectives and targets. In assessing the degree of MDG implementation pursued in the selected countries, the review looks into the following areas⁴:

- Have links been established between MDGs (including targets) and financial resource allocation through budgetary process – be it annual budget or Medium Term Expenditure or Budgetary Framework (MTEF/MTBF)? Has there been an increase in the share of total government expenditure spent on sectors deemed to achieve MDGs?
- Are resources being utilized through appropriate service delivery mechanism in order to ensure better MDG achievements with limited resources?
- Extent to which sub-national differences are addressed and resource allocations aim at reducing those differences.

A critical reading of the statements in NDS, and the papers and reports on actual practices forces one to distinguish between integration of MDGs in spirit and their integration in words only. Moreover, reducing various dimensions of MDG integration into a single (scalar) dimension would bear little fruit; and may even be misleading. In spite of the difficulty, countries have been grouped in terms of their (perceived) degree of integration. Moreover, a reality check is done to assess if greater integration of MDGs in NDS pays off to countries taking such initiatives by comparing progresses across these countries.⁵ In order to better appreciate the successes (or failures) in realizing MDGs, several additional issues have been addressed in this paper. These include: availability of resources, other concerns of policymakers that may have diverted focus away from MDGs, and state of human capacity. In doing all these, the study draws upon secondary sources of information and various reports, articles and documents. Several data sources were visited, including those of ESCAP, Asian Development Bank (ADB), World Bank (WB), International Financial Statistics (IFS) of International Monetary Fund (IMF) and Penn Tables (see Annex 1). Amidst variations in definitions, periods and figures, discretions had to be applied.

1.C Country Coverage and Outline of the Report

The countries in the ESCAP region are normally grouped in three dimensions – economic status (developed, non-LDC developing and LDC developing), geographic characteristics (LLDC, SIDS and others), and regional groupings (South-East Asia, North and Central Asia, etc.)⁶. Only the first two dimensions are considered that allow one to group all the developing countries in the region to six

⁴ It is recognized that the list does not exhaust all the factors underlying the quality of implementation.

⁵ Progress is defined in terms of one or both of the followings: (i) achievements as percentages of targets; and (ii) pace of realizing the targets. Fukuda-Parr and Greenstein argue that “the MDGs should be used as benchmarks of progress and that progress should be evaluated by asking whether, since implementation, (say) the pace of poverty reduction has accelerated along the MDG dimensions, targets and indicators.” See p.8 in Fukuda-Parr, Sakido and Joshua Greenstein, “How should MDG Implementation be measured: Faster Progress or Meeting Targets?”, Working Paper No. 63, International Policy Center for Inclusive Growth, United Nations Development Programme, May 2010.

⁶ LDC=Least Developed Countries; LLLDC=Landlocked Developing Countries; and SIDS=Small Island Developing States.

cells. After initial consultation and checking on availability of information, the study considers the eleven countries mentioned in Table 1.

Table 1: List of Countries covered

Economic status	Geographical characteristics		
	LLDCs	SIDS	Others
LDCs	Bhutan, Lao People's Democratic Republic	Vanuatu	Bangladesh, Cambodia, the Philippines
Non-LDC Developing	Mongolia		India, Indonesia, Viet Nam, Thailand

Note: Pakistan, Nepal and Sri Lanka were left out because available data would reflect periods of political instability. Internet based search revealed that information flow on Samoa suddenly dropped since 2007-08. The same is true for Nepal beyond 2005. Inadequate availability of reports in English did not permit looking into Kazakhstan. Indonesia was included only at the revision stage.

In assessing integration of MDGs in NDS, the focus of the review has been on Plan and budget documents that cover the period 2005-10. Since exact correspondence is not expected, attempts are made to look into the latest available report/plan document. At the sector levels, education and health sectors, covering MDGs 2, 4, 5 and 6 have been covered. As the information on resource allocation under the heading of water and sanitation is normally not available, MDG 7 (water and sanitation issues) has only been partially addressed in the contexts of assessing achievements and ground-level best practices.

Section 2 presents information on the state of integrating MDGs in NDS and their implementation in the selected countries. The latter allows one to group countries in terms of the degree to which MDGs are integrated in the NDS. Section 3 compares performances of the various groups of countries; and presents some of the country-level constraints and practices that may explain differences across those countries. The concluding section proposes several ways to take the agenda forward, including a framework for implementation and monitoring progress in MDG implementation.

2. AN ASSESSMENT OF MDG INTEGRATION IN NDS

2.A Integration of MDGs in NDS

Several aspects of integrating MDGs in NDS at country levels are summarized in Table 2. As noted previously, observables normally considered important in defining the degree of integration, include the following:

- Publication of country MDG report and their frequency;
- Completion of MDG costing exercise;
- Formal acknowledgment of MDGs in national plan documents;
- Setting Plan or sector-specific targets in accordance to those set under MDGs; and
- Extent to which MDGs have been taken to sub-national levels.

Additional information on implementation through sector-specific allocation in national budget is provided in Table 3. Summary observations on the selected countries are presented below, which also provide a basis for grouping the eleven countries for the purpose of comparing achievements in Section 3.

- All eleven countries had at one time or another engaged in identifying national level MDGs along with targets and indicators, as revealed in having at least one MDG country report. There is however difference in the degree of such integration, as revealed in summary findings presented in Table 2. In countries such as Bangladesh, Bhutan, Cambodia, India, Indonesia, Mongolia and the Philippines, there have been 3 or more reports. In contrast, Vanuatu and Thailand produced one such (country-level) report at least five years back⁷. And, Viet Nam's second initiative on compiling progresses on MDGs is a set of fact sheets produced and owned by the country's United Nations Development Programme (UNDP) office. Even though Lao People's Democratic Republic had produced only two reports, UNDP-driven initiatives had continued over the recent years, as is the case with Bangladesh, Bhutan, Mongolia and Cambodia.
- The country MDG reports partially reveal ownership status, which may or may not correspond exactly with the emphasis put on MDG agenda by the national government. The country reports for India were produced by the Central Statistical Organization (CSO), a clear advantage in terms of accessing data. However, the MDG targets noted in such documents rarely got reflected in the national plans and policy documents. In case of Viet Nam, the goals and targets were already incorporated in the NDS; and very little had to be done by way of producing country progress reports – an activity left to the external development partners. Vanuatu is a clear case where initiatives around MDGs seem to have stopped suddenly beyond 2005. Having produced a single report, Thailand's commitment to MDGs is better reflected in her switch of focus to sub-national level, and the achievements (often beyond MDG targets) at the national level explain the absence of visible initiatives at that level.
- MDG costing is generally an extensive exercise involving Technical Working Groups (TWGs) in several line ministries. It not only does a reality check on the existence of relevant data, but also paves the way for meaningful interface of commitments of national governments on MDGs with actual resource allocations for realizing those commitments. While costing needs in education, certain sub-sectors/programmes in health and in cases of water and sanitation, have long been in practice, comprehensive (MDG) costing is post-2002 phenomenon. Within the set of eleven countries considered, comprehensive MDG costing was undertaken only in Bangladesh, Bhutan, Mongolia, Lao People's Democratic Republic and the

⁷ Thailand has two to her credit. The second report, *Thailand Millennium Development Goals Report 2009*, is yet to be formally made available to public. This was brought to notice by the Thai representative at the Phnom Penh workshop.

Philippines.⁸ There are reasons to believe that some such costing exercises were driven by the urge to rationalize increases in external assistance and may not have found their ways into integrating MDGs with NDS – more so when (as in one case) Ministry of Foreign Affairs is in charge of the costing initiative! Moreover, the Regional Resource Center (RRC)/UNDP had been the prime mover in most such costing exercises.

- Plan documents in all countries formally recognize the importance of MDGs and include the latter in the broad goals set over the Plan periods. However, there are deviations while setting targets - often the Plans give less emphasis on MDG targets, or fall short of those targets. In the case of the Philippines, there are 10 points agenda, which do not match exactly with the country's MDG targets. In contrast, Viet Nam sets Plan targets beyond those committed under MDGs. And Thailand, having achieved most at national level, recognizes the need to focus on lags at sub-national level.
- All countries have sector plans for education and health, though some of these are background exercises tied to periodic Plan preparation and are not stand-alone government documents. Availability of such Plan document for Water and Sanitation covering MDG 7 is rare in public domain. Review of the documents on education and health sectors reveals that the country's MDG targets are reflected in most countries under study with a few exceptions in some countries. Some sector plans do not reflect adequately the country's commitment to MDGs.
- Available information on sub-national plans and country initiatives to define MDGs at sub-national levels do not permit one to infer on the degree of MDG integration. There appears to be a sharp difference between the south and the south-east Asia in terms of the state of local governance. Other than several states in India, traditional local-level organizations are weak in most south Asian countries; and the onus is on the national government to strengthen local governments. In many instances, such as in Bangladesh, consultations were undertaken at sub-national levels in cases of both MDG formulation and while developing the national plans. But local level governance has not been effectively institutionalized⁹. In the case of India, where each state is comparable to a country and state-level planning process has long been in practice, discussion on local governance may only be pitched at levels below state governments. While there are state-level non-governmental organization (NGO)/civil society initiatives to record progress in MDGs, for obvious limited roles of state-level planning in NDS, and because of country-level focus of external development partners, no worthwhile initiative is found to integrate MDGs with state level plans¹⁰. Unlike Viet Nam, national as well as state level priorities in India are less aligned with MDG-kind of targets. In comparison, Bhutan has moved further ahead to define MDGs at sub-national levels; and the center-led initiative to strengthen local government deserves close monitoring for broad-based learning. The story is however different in the Southeast Asian countries. Other than possibly in Lao People's Democratic Republic where the population outside Vientiane is thinly dispersed, all countries under study have presence of strong local governments and sub-national (provincial/regional) planning processes¹¹. Be it in the guise of communes or some other names, the traditional local organizations provide an institutional network to generate information for monitoring and to guide resource allocation¹²; and empower the central government with vehicles through which resource transfers to target activities and population may be realized. One may however note that a strong (national) government commitment to integrate MDGs with sub-national plans will shape the effective use of local governments that traditionally exist. In Thailand, once national level targets were achieved, the focus has been on addressing

⁸ Costing exercise for Lao People's Democratic Republic was recently completed and the report is yet to be made public.

⁹ Pilot level initiative to take MDGs to upazila (sub-district) levels in south-central Bangladesh is into its second year now.

¹⁰ The same assertion applies to several other countries, including Indonesia. Conceptually, a more meaningful approach would differentiate between 'in-country regional' and 'in-country sub-regional', with the latter considered under 'sub-national'.

¹¹ Vanuatu is left out from the discussion on sub-national plans and MDG integration since it's a country of only 215,000 people (as of 2008); and splitting of initiatives may not be called for.

¹² Cambodia's commune-based poverty monitoring system and use of commune-level data in deciding on performance-based resource allocation is a case in hand.

pockets of poverty, and such center-driven initiative has reached up to provincial planning. Similar commitments appear to be lacking in some other countries without having active grass root organizations. Viet Nam's piloting with 10 cities appears to be mooted in serious commitment; and needs future monitoring for lesson-learning.

Table 2: Summary Information on Including MDGs in NDS

Item/Description	SI no	Bangla- desh	Bhutan	Cambo- dia	India	Indo- nesia	Lao PDR	Mongo- lia	Philipp ines	Thailand	Vanuatu	Vietnam
		(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)
Country MDG report (last year / number published)	1	2009 (3)	2008 (3)	2007 (3)	2009 (3)	2010 (6)	2008 (2)	2009 (3)	2010 (4)	2004 (1)	2005 (1)	2010 (2)
MDG costing (year completed)	2	2009	2007	N	N		2010	2006	2007	N	N	N
National Plan Period (beg-terminal year)	3	PRSP & 2010-15	2008-2013	2006-10; 2009-13	2002-07 2007-12	2004-09 2010-14	2006-10	2007-15	2004-2010	2002-06	2008-13	2001-10
Are MDGs stated as goals	4	Yes	Yes	yes	yes	yes	Yes	yes	yes	Yes	yes	yes
- Targets set as per MDGs?	5	Yes	Yes	yes	N	yes	Yes	yes	O	Yes	yes	M
Have poverty reduction targets been set as per MDGs?	6	Yes	Yes	yes	N	yes	Yes	yes	Y	Yes	yes	M
Education sector plan period	7	2003-15	2008-12	2006-10	2007-12	2003-15	2003-15	2006-15	2001-2004	2002-16	2001-15	2003-15
- Targets set as per MDGs?	8	Yes	Yes	yes	N		yes	yes	N	Yes	yes	yes
Health sector plan period	9	2004-09	2008-12	2008-15	2007-12	1999-2010	2006-15	2006-15	2005-2010	2001-06	2004-09	2001-10
- Targets set as per MDGs?	10	Yes	Y	Y	N	N	N (?)	yes	Y	Yes	yes	yes
Water & sanitation sector plan period	11	2004-05	-	-	-		-		-	2006		

- Targets set as per MDGs?	12	Yes	-	-	-		-		-	Yes		
MDGs set at sub-national levels?	13	N/Y	Y	Y	Y	Y	Y	yes	Y	Yes	N	Yes
Are there sub-national plans?	14	N/Y	Y/N	yes	N/Y	Y	N	yes	N/Y	Yes		
- Targets set as per MDGs?	15	Nap	Nap	Y	N		-	localized	M	adjusted		
Focal point for MDGs?	16	GED,MP	GNHC	MP	CSO	NDP	MFA	MF/ndic	MSEP	MESDB	DESP	CP?

Note: All references in the notes below are to cells identified by numeric values for rows and alphabetic identification of columns.

1A: In addition, there was a WB's MDG Progress Report – 2005; 1I: Thailand had sub-national MDG reports after 2004; 1K: The last was a set of fact sheets, one for each goal, was brought out by UNDP. * 2F: The report was not available. Only recently, it got launched. * 3A: FYP 2010-15 is under preparation. Previously there were two periods of PRSP. PRSP-I for 2003-08, launched in 2005, had accounted for the MDGs. PRSP-II was for 2009-11 period, which is currently being superseded by the five year plans.

3B: NFYP 2002-07 acknowledged only. 3F: 2001-05 plan did not acknowledge. * 5A: Re-adjusted targets in cases of goals 6 and 8; 5I: Thailand re-adjusted several targets in cases of goals 1, 5, 6 and 7; 5H: There is a 10 points agenda not exactly matching the MDGs; 5J: Fewer target sets; 5K: Viet Nam already achieved and set targets beyond the MDGs.

6I, 6J & 6K: targets a lower poverty rate; 10E: More targets are set; * 13A & 14A: Sub-national consultations are done; and several attempts to institutionalize this are in progress.

13K: MDGs piloted for 10 cities. * 16: GED=General Economics Division; MP=Ministry of Planning, MF=Ministry of Finance; NDP=Ministry of National Development Planning; MFA=Ministry of Foreign Affairs; CSO=Central Statistical Organization; ndic= National Development and Innovation Committee; MSEP= Ministry of Socio-economic Planning; NESDB= National Economic & Social Development Board; DESP= Department of Economic & Sector Planning; CP=Communist Party.

Table 3: Reflection of MDGs in Resource Allocations

Item/Description	Bangladesh	Bhutan	Cambodia	India	Indonesia	Lao PDR	Mongolia	Philippines	Thailand	Vanuatu	Vietnam
Year of last budget/MTEF/Plan outlay consulted	2011	2011	2006-10	2010	2010	2006-10	2008-10	2010	2009	2010	2008-10
Explicit mention of MDGs in budget/MTEF?	Y	N	-	N		-	-	Y	N		
Budget share of education in 2000	19.7	14.0	16.2	17.5	3.7		19.1	17.1	23.3	25.7	
Budget share of education in last budget	16.6	15.65	11.8	16.5	4.0	12.2	9.4	15.6	21.2	26.1	19.8
Budget share of health in 2000	9.4	11.2	10.7	3.9	1.3	5.1	10.7	2.1	7.6	12.6	6.6
Budget share of health in last budget	6.6	8.4	8.7	4.0	1.4	3.7	5.2	2.7	9.8	10.8	8.7
Has comprehensive MDG costing been done?	2009	yes	no	no	no	yes	yes	yes	no	no	no
USD (billion) required to realize MDGs	104.18	2.5				6.4 (5)	13.96	12 to 16			
Percentage contribution by sources:	Not done										
Domestic, out of pocket						22					76+6
Domestic, government revenue						78					16
External								12 - 14%			2
Recent information on fiscal space											
Tax revenue	62.9	33.2	71.1	45.1	65.1	63.6	81.1	69.0	70.4	64.5	80.6

Non-tax and other receipt	15.5	38.7	12.2	14.4	21.8	8.43	17.7	9.9	9.6	8.6	11.3
Domestic borrowing	16.1	-0.29		39.4	14.2	4.1	-	5.4	22.2	-	5.2
External Borrowing/assistance	5.6	28.3	16.7	1.1	-1.17	23.9	1.2	10.7	-0.1	26.9	3.5

Note: Discrepancies across sources are significant

Information on last budget: bgd (2008); bhu (2009); cam (2008); ind (2008); ino (2004); lao (undated); mon (2007); phi (2009); tha (2009); van (2007).

Figures on last set of rows: Philippine's revenue generation declined suddenly in 2009 from 80% in the previous three years.

Caution: Figures compiled by international agencies often miss out allocations made through provincial/regional/ local government budgets. Thus, estimates provided on government expenditure on social sectors, particularly on health, are gross under-estimates for countries having separate sub-national budgeting. The focus here however is on trend.

Source: Most are compiled from ADB Country Data 2010. Few, including government expenditure figures for Lao, PDR and Viet Nam, were obtained from other published sources.

2.B Taking MDG Integration Beyond Plans

The review exercise tried to capture information to assess the degree to which national governments in the eleven countries tried to translate the MDG visions into actual resource allocations. Information was not available for all countries with equal adequacy – some were for annual budgets, few from the Medium Term Expenditure Framework (MTEF)¹³ and for two countries, the review relies upon financial outlays stated in Plan documents. There is clearly a break as one moves from the stage of planning to actual allocation of financial resources. Other than for the Philippines, recent budget speeches do not touch upon MDGs in all countries for whom the documents were available (see Table 3).¹⁴

Generally, budgets appear to be too narrowly focused to accommodate MDGs, where as MTEF/MTBFs spanning over two to three years are more amenable to address MDGs. As an illustration, one finds mention of MDGs gradually getting dropped in budget speeches in Bangladesh; and yet, Bangladesh's MTBF includes MDGs as performance indicators¹⁵. It is important to note that the process of costing under project umbrella was long in practice under health and education sector planning; and therefore had easy access to budgetary resource allocation in the guise of a framework akin to that proposed under MDGs. The art of MDG costing had contributed towards improving those practices. Unfortunately, the potential links between planning and financial resource allocation within an MDG framework has not been widely appreciated by major stakeholders. Moreover, all countries under review are yet to fully engage in MTEF or MTBF involving all line ministries, and therefore, full integration of MDGs in the NDS may have to wait.¹⁶

There is a second track of activity gaining increasing prominence, which involves resource allocation design developed independent of the MTEF, and perceived to bridge between traditional plans/national strategies and actual resource allocation. It is called the Country Investment Plan (CIP), which is conceptually mooted in the investment plans associated with MDG financing; but carries different connotation. With the new form of international resource transfers tagged to submission of proposals from governments in developing countries vying for resources from a common pool (such as, the Obama Fund), CIPs will gain greater prominence in the coming years. In the absence of adequate history and information, one may at most speculate on the possible routes MDG integration with NDS may have to take under such a new setting.

2.C Degree of MDG Integration with NDS - Summary

Information summarized in Tables 2 and 3, as well as the discussion in this section 2, suggest that countries vary in several dimensions in their approaches to integrating MDGs in NDS. In spite of it, an attempt is made to group the countries in Table 4, with some hints on the order of the countries in terms of the degree of MDG integration. While Viet Nam may have officially remained quiet in reiterating the government's commitments to MDGs, the plan documents and various actions reveal of a greater degree of integration of MDGs in their NDS. At the other extreme lies India where NDS in the guise of Plans and resource allocations through annual budgets is yet to integrate MDG concerns; and the latter remains to be formally inducted into policy objectives. In between, there are wide variations; and the ordering may not be strictly adhered to on all dimensions of MDG integration.¹⁷

¹³ The corresponding exercise takes the name MTBF (Medium-term Budgetary Framework) in Bangladesh.

¹⁴ Bangladesh's budget speech for 2008-09 mentioned of MDGs; but the latter subsequently got dropped in two consecutive budget speeches. However, MTBF mentions of prioritizing MDGs in FY2011 to FY2013.

¹⁵ For education, there are changes with greater focus on secondary and higher secondary education; where as, targets set for the health sector cover some of the major indicators under MDG 4 and MDG 5.

¹⁶ PNG's Medium Term Development Plan (MTDP) is an exception. It incorporates both-way logic embedded in MDG exercises; and translates MDGs to sector-specific goals & strategies, to deliverables and inputs. The latter is linked to budget allocation, made possible since development budget is under the Planning with Treasury responsible for recurrent budget only.

¹⁷ To give an example, the Philippines falls short in incorporating MDG targets in education; while Bangladesh has not been able to do enough at sub-national levels largely owing to absence of strong local government.

Table 4: Grouping of Countries in terms of the degree of MDG Integration/Implementation

High 1	High 2	Moderate	Low
Bhutan, Mongolia, Viet Nam	Thailand	Bangladesh, Cambodia, Indonesia, Lao People's Democratic Republic, Philippines	India, Vanuatu

The first group comprises four countries, two of which are embracing market-based policies under a single-party political environment – Mongolia and Viet Nam. The third is a fast-modernizing nation with aspirations differing substantially from her close neighbors in South Asia - *Bhutan* aims at realizing the broad goal of attaining ‘happiness’. It is also worth noting that implementation of planned programmes in Bhutan is fully decentralized to the *dzongkhags* and *gewogs*.¹⁸ *Mongolia* adopted MDG-based national development strategy with active supports from the UNDP; and its endorsement at the Parliament is often viewed as a way to redress the hurried move towards market-based economy during the 1990’s. There are reasons to believe that an erstwhile socialist country found in MDG-based NDS a fresh way to rebuild her future. Viet Nam, as noted earlier, is way ahead in integrating the spirit of MDGs in NDS even though the terms have little official endorsement. One exception in the first group is Thailand, which localized MDG targets; and since 2005, produced provincial MDG reports for the provinces of Mae Hong Son, Nakorn Phanom and Trang. However, much of the MDG targets were achieved early in Thailand and with high levels, paces of annual increases have therefore been lower in the recent years. Where groups are compared, the summary statistics on performances differentiate Thailand from the rest of the first group (High 1 and High 2 in Table 4).

The second group (identified as ‘Moderate’ in Table 4) had been exposed to lot of exchanges on MDGs; and two of the countries had comprehensive MDG costing done. However, the spirit of MDGs rarely got reflected in resource allocation. *Bangladesh* switched to PRSP, which substituted the five year plans, the last of which was during 1997-2002. PRSP I, initiated in 2003, incorporated the MDGs. The practice continues into a new planning regime when the five year plans have again returned; and the sixth Plan (2011-15) is now under preparation. One may however note that the dependence of the Plan preparation on Consultants and absence of any effective institutional instrument to translate plans into project selection and actual resource allocations is evident in Bangladesh. Not much has been done to take MDG costing exercise into MTBF exercise. Rather, there are initiatives to put in place ICT-driven coordination between the country’s budgetary process, accounts and the planning; which may pay little attention to realizing MDGs in the near future.

While *Cambodia* did not undertake an MDG costing, there is similarity with Bangladesh in most other aspects of MDG integration process¹⁹. Cambodia’s 2nd Socio-Economic Development Plan (2001-2005) recognized the MDGs, but the parallel-run 1st NPRS (2003-2005) did not. Eventually, the two external partners, each promoting one of the two routes, agreed to support convergence to a single national development strategy, NSDP 2006-10. Like Viet Nam, Mongolia and Bhutan, Cambodia also has elaborate local governance in place. The country’s ten year National Programme for Sub-National Democratic Development (2010 – 2019) – (NP-SNDD or the ‘National Programme’) was launched officially on 9 August, 2010, which are based on MDGs.

The Philippines is the third country included in the group of ‘moderates’. The Medium Term Philippine Development Plan (MTPDP) for 2001-2004: acknowledges MDGs; while MTPDP 2004-2010: incorporate 8 Goals and 21 indicators. Moreover, 13 core poverty indicators have been

¹⁸ Although *dzongkhag* and *gewog* plans are expected to be formulated in line with the national goals and sharing common objectives, their strategies and programmes may be formulated to address their specific needs and potentials, under a resource envelope to share in 70:30 ratio.

¹⁹ While there is lot more local inputs to the formulation of Bangladesh’s NDS, country’s MDG agenda has largely been steered through projects controlled by local UNDP office.

institutionalized at the local level. The fourth in the group is *Lao People's Democratic Republic*, whose initiatives with MDGs have largely been half-hearted other than an RRC-driven MDG costing which has only recently been completed. Review of Indonesia was partial. While it differs from the rest in a number of areas, such as, size, importance of fuel energy resources, and geographical characteristics with large number of islands, there is lot more similarity in terms of MDG integration with NDS. As of 2010, Indonesia produced 6 MDG reports, highest among all countries under review. Even though NDS targets for health sector are found to differ from those in MDGs, by and large, MDGs are well incorporated in NDS documents in Indonesia.

India's development initiatives within the MDG framework are vastly different from other developing countries, mainly due to the large size of its area and population. The Eleventh Five Year Plan for sub-national level acknowledges MDG but focus has been given to few targets only. More importantly, MDGs hardly get the importance in NDS at national as well as at most state-level planning.²⁰ Since *Vanuatu* also has almost no visible interest in integration of MDGs since 2005, it is grouped with India. However, for all practical purpose, the group may be represented by India alone. Moreover, cross-group comparisons have considered India to be the sole representative of this group.

The above discussion does raise the problem of grouping countries, particularly when integration of MDGs in NDS involves several dimensions; and there may not be close correspondence between observed behaviors of a country in each of those dimensions. Till those are spelled out in greater details in the last section, the degree of integration is interpreted on the basis of statements and declarations of intent expressed in public documents; and limited comparisons on performances are undertaken in the following section.

²⁰ In terms of the mix of state and market-based initiatives, India possibly lay in the middle; and one may gain better insights by contrasting India with Thailand (included in the first group).

3. MDG ACHIEVEMENTS - DID INTEGRATION OF MDGS IN NDS MATTER?

3.A Defining Achievements and Underlying Factors

Achievements are assessed on the basis of progresses made in several MDG indicators on which time series information are available for all or most countries. It will cover MDGs 1, 2, and 4 to 7. While the World Bank cross-country data is used as the primary source for performance measure, it has several gaps; and other sources have therefore been used as well. For the purpose of transparency in exposition, comparisons will be made between the four groups of countries identified in Table 4, though the assessment draws upon country-specific factors as well. No claim of establishing causality is made, and therefore no attempt is made to either prove or disprove any hypothesis regarding the impact of any practice on MDG progresses. However, factors symbolizing MDG integration in NDS as well as others, having strong association (correlates) with achievements, may be considered potential candidates for being factors conducive to realizing MDGs in the countries of the region.

It is understood that achievements in realizing MDGs depend on not only integration of MDGs in NDS, but by the effectiveness with which an MDG-driven NDS is implemented²¹. The latter will get reflected in allocation of financial resources to relevant sectors (see Table 3), possible conflict or synergy between growth and poverty reduction, government's fiscal space to maneuver for pro-MDG engagements, and finally on the adoption of ground-level best practices that translate financial resources to activities and tangible outcomes.

The following sub-section looks into achievements, following which issues around growth and resource allocations are discussed. The last part of this section illustrates some of the best practices in the fields of social safety nets, education and health initiatives to throw additional lights on what may or may not be done in the coming years.

3.B Assessment of MDG Achievements Across Groups of Countries

The basis of grouping the countries into four was the difference in degree with which MDGs are reported to have been integrated with the NDS in these countries. Of the four groups identified, the first includes a wild mix of countries – Bhutan adheres to the principle of measuring and maximizing 'happiness'; and the tradition of socialist governance in Viet Nam may own the MDGs in spirit but less so on records. In contrast, Mongolia is one country where MDG-based NDS has been formally enacted by the country's Parliament – a rare event indeed. An outlier in the group of 'high integration' is Thailand, which is on track in most MDGs and appear to be committed to redistribute growth premiums to realize the social objectives embedded in MDGs. The second set of countries includes the moderate adopters, which have been quite vocal, with various MDG-related activities of the focal agency undertaken in partnership with external agencies such as the UNDP. All five countries in this group have, on certain dimensions, embraced MDGs and incorporated those in their NDS, more explicitly than the first group. The last group is an odd mix – India, an emerging economic power and small cluster of islands, Vanuatu – both had apparently the least degree of MDG integration in NDS. However, we confine to India only while cross-group comparisons are made. In a very loose way, comparisons between groups 1, 2 and 4, therefore will shed some light on the returns to integrating MDGs in NDS.

Selected indicators are used to compare achievements, with the notable exception of most commonly sought MDG 2 indicator of net enrolment rate (NER) in primary schools. Cross-country data are normally available by courtesy of relevant agencies within the government who depend on departmental data. The latter provides figures on the numbers of students enrolled at primary level and uses a figure for a given population cohort to generate the figures on NER. The figures on NER

²¹ In this context, one may pose the question on whether 'integration' is necessary in cases where similar goals and targets are already embedded in the NDS, not necessarily under the guise of MDGs. Existence of 'high integration' countries provides rationale for such question.

invariably exceed (or, is close to) 90% in most countries. A more reliable source of data on NER is the Household Income Expenditure Survey (HIES), which is not used in compiling cross-country data. To illustrate the discrepancy, one may cite NER figures in Bangladesh of 65% and 68%, respectively for 2000 and 2005.²² The official figures included in world table mentions of 90% or more. After initial probing into these figures for few other countries, the variable was dropped from the list²³.

Two sets of information are presented in Table 5 – the first includes estimates of annual rate of change in the value of the indicator within a given period; and the second presents the value of the respective indicator in the last year considered. There are several alternative methods one could apply to group country-level: growth in simple average of country-specific values of an indicator; growth in population (or, GNI/GDP) weighted average of country-specific values; or, average of the country-specific growth rates. The last method is adapted here since the unit of analysis is the country rather than a region.

In terms of most indicators, other than in two broad areas, the first group out-performs all others when pace of progress is considered. Exception in health sector surfaces in lower pace of increase in coverage under immunization for measles and in case of contraceptive prevalence amongst 15-49 years aged women. In both such instances, the lower pace may arise as a result of higher levels already achieved – 96% in immunization and 59% for contraceptive prevalence, the highest amongst the four groups. The more notable lapses are in realizing MDG 7 that deals with access to drinking water and improved sanitation. The outlier case in the ‘high integration’ group, Thailand, exhibit very high pace of achievements in health sector indicators in spite of already achieved high levels in such outcome variables as infant and under 5 child mortality rates. In other outcome variables, the country has already achieved high levels – thus the observed pace of change is lower than other countries.

A more revealing comparison is between the moderate (3rd) and the least integrated (4th) countries, where the last is represented by India. Other than in fast decline in area under forest, the former does better than the latter in all cases considered. The findings reiterate a very general proposition, largely considered a tautology: that increased appreciation of the social sectors in the development strategy will lead to improvements in those sectors. In addition, there are three other factors which may have shaped the outcomes: growth and how it relates to poverty and autonomous improvements in social sectors; presence or absence of norms that hold governments responsible for social security of the citizens; and effort and conditions to supports imposed by external partners and lending agencies. Some of these are touched upon in the following sub-section.

²² See, Al-Samarrai, Samer. “Changes in educational attainment in Bangladesh, 2000-05, a background paper for the Bangladesh Poverty Assessment, South Asia Region,” World Bank, April 2007.

²³ When decline in official record on NER is reported, one may consider it with some degree of seriousness, without necessarily relying on the estimates. One such case is that reported for the Philippines.

Table 5: Achievements in Realizing MDGs, a comparison across groups of countries

Description	Average of annual changes				Level in terminal year (average)			
	High 1	High 2	Moderate	Least	High 1	High 2	Moderate	Least
Head Count Measure of Poverty (US\$1.25), %, 1995-2005	-4.53	0.00	-1.81	-1.53	21.50	2.00	38.60	42.00
Coverage under measles immunization, % of 12-23 months children, 1995-2008	0.65	0.57	1.15	-0.22	96.00	98.00	81.00	70.00
Infant Mortality Rate, 1995-2008	-4.92	-3.62	-3.14	-2.78	33.33	13.00	43.40	52.00
Under-5 Mortality Rate, 1995-2008	-5.64	-4.36	-3.85	-3.11	45.33	14.00	55.60	69.00
Births attended by Skilled health staffs, % of total births, 2000-05	6.06	-0.25	2.68	1.12	86.33	97.00	44.60	47.0
Contraceptive prevalence, % of women 15-49 years, 2000-05	0.56	-0.32	2.18	2.21	59.00	77.00	49.20	56.0
% of land area under forest coverage; 1990-2008	0.61	-0.35	-1.96	0.05	44.53	28.20	40.50	22.8
% of population with access to improved sanitation, 2000-08	1.39	0.40	4.00	2.49	60.00	96.00	48.40	28.0
% of population with access to improved sources of water, 2000-08	1.03	0.13	2.27	1.03	85.33	98.00	75.60	89.0
Net ODA received per capita (current US\$), 2000-08	2.33	-1.34	0.92	-0.002	8.30	-9.00	30.00	2.00
Life expectancy at birth (# of years), 2000-08	0.83	0.008	0.90	0.50	69.00	69.00	67.00	64.00
Trade as % of GDP, 2000-08	3.50	4.10	3.50	6.40	136.80	150.50	79.70	50.70

Note: High 1: Bhutan, Mongolia and Viet Nam; High 2: Thailand; Moderate: Bangladesh, Cambodia, Indonesia, Lao People's Democratic Republic and the Philippines; Least integration: India and Vanuatu.

Only India is reported under Least category in this Table. Information on Indonesia was not available for the comparable period.

Average figures on poverty reduction for High 1 is misleading since Viet Nam achieved the most with Mongolia's poverty situation worsening during 1995-2005. However, things are reported to have improved in Mongolia since 2005-06.

Linear increases (estimated from semi-log function) are considered for last three rows. In all others, cumulative annual rate of change is reported.

Source: Compiled from ESCAP and WB data.

3.C Resource Allocation and Constraints to Resources

Generally, economic growth with limited adverse inequity implication is believed to increase coverage under such social services as education and health. And, demand-driven trend attains a higher pace in realizing MDGs if growth is pro-poor (inclusive). Limited exercise undertaken with Bangladesh data also suggests that growth in GDP may allow/enable governments to engage more of its resources to social sectors that have direct relevance for MDG realization²⁴. The time-bound targets however require government as well as non-government initiatives to go beyond the autonomous fallouts from economic growth. Fiscal space available to a government to engage in expansive social sector initiatives is therefore of critical importance. This sub-section reviews the experiences of the countries in the region to draw lessons on these issues, drawing upon ADB's country level data. The observations are summarized in Table 6 and Figures 1 to 5; and are discussed below.

While the average growth (in GDP) performance in the region has been above 6% during the recent past, there are several countries where growth rates fluctuated, largely associated with volatility in international commodity prices. Figure 1 clearly reveals positive association between variability in annual growth in GDP and resource dependence of an economy, made more pronounced due to large fluctuations in world commodity prices during the study period (2000-09). Figure 1 as well as Figure 2 on trend in per capita GDP suggest of no close association between degree of MDG integration and GDP. However, countries with stable GDP growth have better records on performances in MDG sectors. Data on government expenditure with economic classification is not publicly available for erstwhile socialist countries; and therefore no meaningful probing could be undertaken on the relation between GDP growth and share of government expenditure going to social sectors relevant for achieving MDGs. Thus, the focus has been on other spheres of fiscal space.

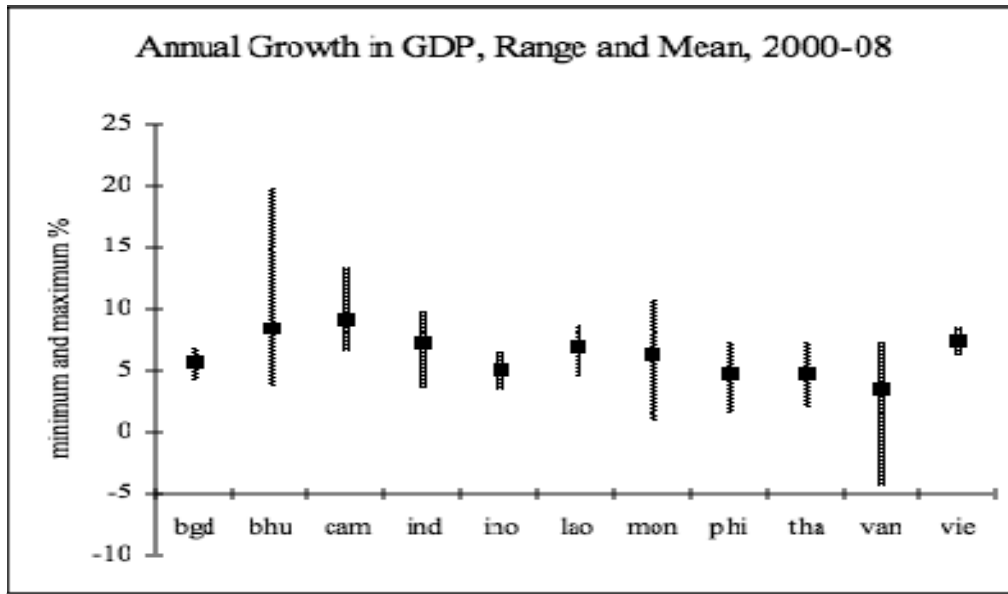
A major source of financing is the government revenue; and tax revenue is found to be systematically related with total revenue (as percentages of GDP) – with gross deviation from the norm in case of Bhutan and partly in Mongolia (see Figure 3). Proportionately, non-tax revenue is quite high in Bhutan²⁵ and there has been a movement from such outlier position to the norm in case of Mongolia. The most important revelation from Figure 3 is the movement of the three countries, in previously defined High 1 (high integration), out of the common lot. Government revenue as percentage of GDP made significant leap forward in cases of Viet Nam and Mongolia; while the higher proportion of non-tax revenue component is sustained in Bhutan. Figure 4 however shows that the share of the MDG sectors is retained in spite of increases in the size of total government expenditure.

Another pertinent question is the degree to which the fiscal space was adversely affected by the volatility in international commodity prices. Figure 1 shows that commodity price increases may have expanded the fiscal space in Bhutan and Cambodia; while India, Mongolia, the Philippines and Vanuatu may have been adversely affected (see note below Figure 1). Comparison of figures on shares of government expenditure on education and health across years/time periods, presented in Table 6, show that these shares declined during 2008; and moved to a recovery phase in 2009.

²⁴ Share of education, health and social security in total government expenditure in Bangladesh (dependent variable) is found to be positively influenced by GDP growth rate but insignificant; and its negative relation with percentage of deficit met by external borrowing is found to be statistically significant. The adjusted R-square is 0.76.

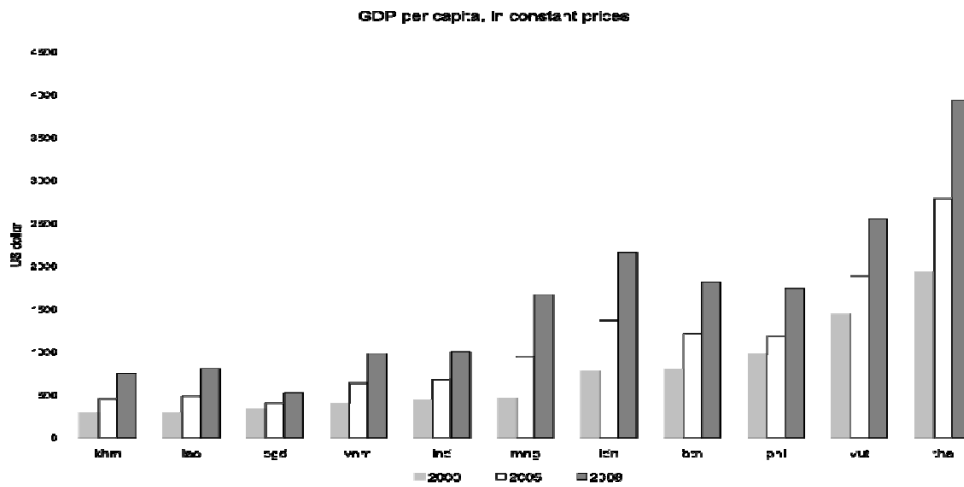
²⁵ Sale proceed from export of hydro-electricity to India is reportedly the major contributor to Bhutan's non-tax revenue in the recent past. Mongolia's experience is tied to state-ownership of mines which brought profit during times of commodity price booms.

Figure 1



Note: Average of annual growth rates is considered. If the average is in the bottom half, commodity price increases are likely to have benefited the countries. It is the opposite in cases where the average is in the top half. Source: Compiled from ADB Country Data 2010.

Figure 2: Changes in Per Capita GDP



Source: Own compilation from IMF World Outlook Data, 2009.

Note: khm = Cambodia; lao = Lao, People's Democratic Republic; bgd = Bangladesh; vnm = Viet Nam; ind = India; mng = Mongolia; idn = Indonesia; Btn = Bhutan; phi = Philippines; vut = Vanuatu; tha = Thailand.

Table 6
Share of Government Expenditure on Education and Health

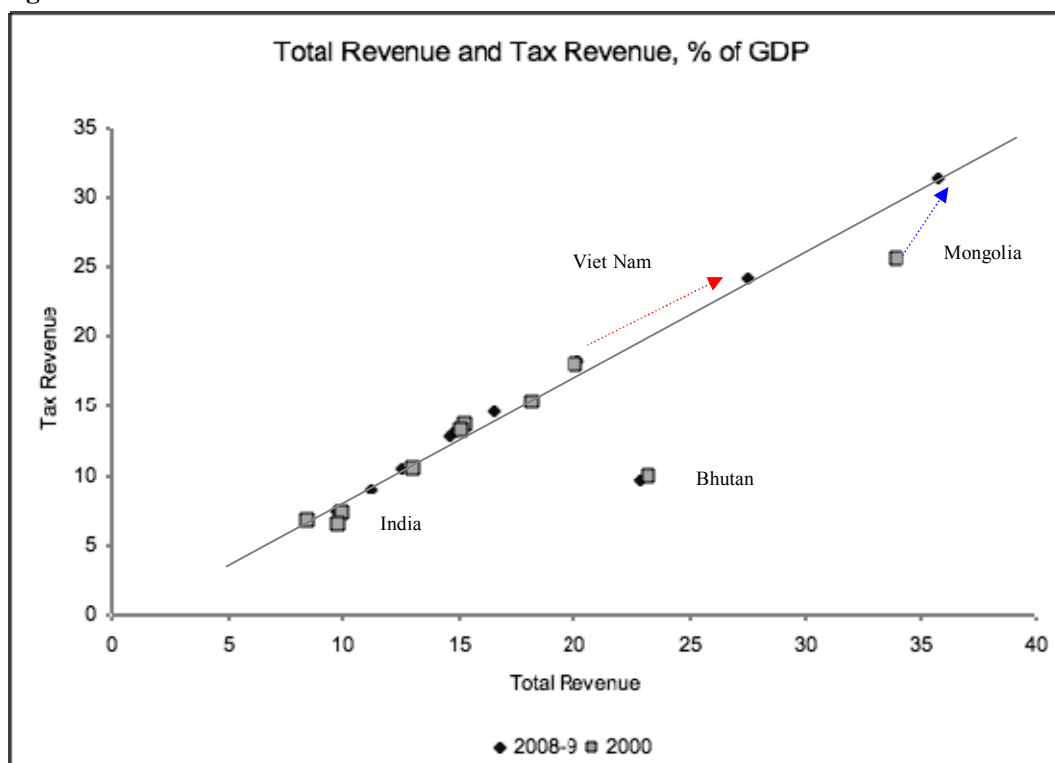
Country groups	Percentages of government expenditure during							
	2001-05		2006-08		2008*		2009*	
	education	health	education	health	education	health	education	health
Bhutan, Mongolia	16.24	9.31	13.79	7.48	14.21	8.21	15.65	8.38
Bangladesh, Cambodia, the Philippines	16.54	6.30	14.92	5.70	12.49	4.50	13.71	5.68
Thailand	20.84	7.86	20.68	8.66	15.59	6.30	21.15	9.79
India	16.31	3.62	16.34	3.90	na	na	na	na

Note: Information on Viet Nam, Indonesia (beyond 2004), and Lao People's Democratic Republic were not available. Vanuatu was left out of the last group because of the biases such inclusion would create for the group average. na = not available.

* Figures on Mongolia and Bangladesh were not available for 2009; and therefore have been excluded from last set.

Source: ADB Country Data 2010.

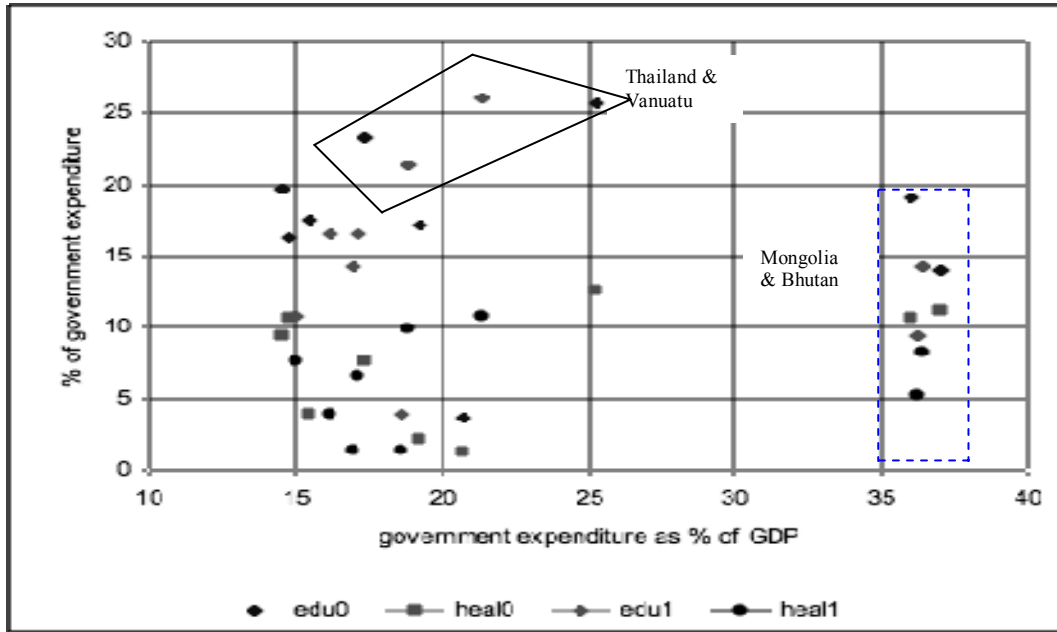
Figure 3



Note: Most observations lie on the best fit line with Bhutan as persistent outlier; and Mongolia returning to norm.

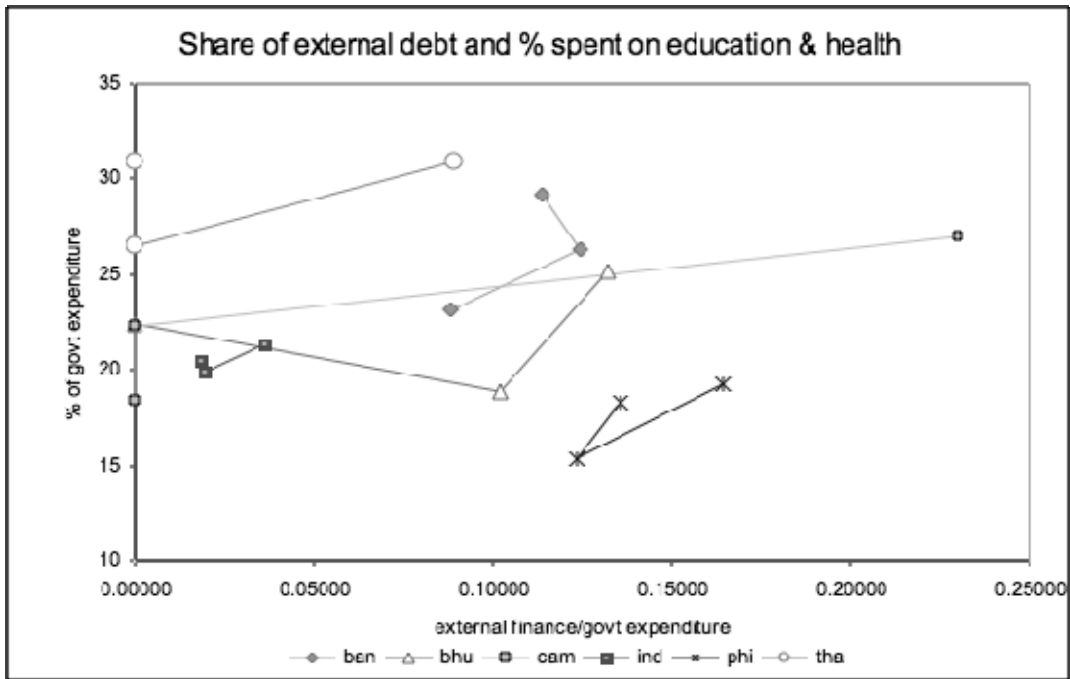
Source: Compiled from ADB country-level data.

Figure 4: Size of Government Expenditure and Percentages spent on Education and Health



Source: Compiled from ADB Country Data 2010.

Figure 5



Generally, share of government expenditure on education has been higher than on health; and countries in the region had increasingly relied upon market-based profit-driven agents for delivery of health services – the least being spent by governments in India and the Philippines.²⁶ There is a need to look into the prospect of enhancing the roles of the government in the health sectors, desirably in collaboration with non-government partners, in the future. In this regard, Thailand's move towards universal access to health care for all formally in her 1997 constitution, and realized by April 2002, is worth learning from.

While Figure 3 suggested the potential of several countries (outside high integration) to increase the tax revenue, Figure 4 suggested of raising the share of government expenditure in social sectors, particularly in India and the Philippines. Over the short term, each government has the option to borrow and judiciously use the additional fiscal space to realize MDGs. One important source of such funds is external; and the limited evidence on relation between share of external fund in meeting fiscal deficits and the share of government expenditure spent on MDG sectors, is mixed. In many countries, a higher share of external assistance leads to increased share of the MDG sectors in government expenditure, which is not very evident in cases of Bangladesh and Bhutan (see Figure 5).

3.D Selected Achievements and Illustrations on Good Practices

Even though this paper is not meant to look into ground-level implementation, the links between integrating MDGs in NDS and achievements remain incomplete if some insights into the programs or factors underlying success are not discussed. At the cost of being repetitive, this sub-section highlights some aspects of MDG successes by countries.

3.D.1 Country Experiences

Bangladesh

While there are claims of poverty reduction at impressive paces of 1 to 1.5% per annum, it made very little dent into the overall poverty situation in the country. However, various public intervention programs are credited for countering the process of people sliding down below poverty thresholds. Such programs include food for work (FFW), food for education (FFE), gratuitous relief, vulnerable group feeding and vulnerable group development programmes. Role of microcredit is also applauded in this regard, even though the latter's contribution may have been more via facilitating overseas migration of labor, which in turn, led to inflow of remittance and subsequent reduction in poverty. Much of the failure in achieving substantive reduction in poverty may be attributed to the country's persistent vulnerability to natural calamities, and policy failures to translate remittance into productive investment. There has also been a failure to spatially distribute investments and allocation of strategic resources that would reduce differences at sub-national levels.

Bangladesh's achievements in MDG have been noteworthy in two specific areas: reducing gender disparity, particularly in education, and in reducing child and infant mortality. Compulsory primary education, food for education and stipend to girls for secondary education may have contributed towards achieving the goals. No less important is the roles played by the NGO/MFIs, whose network of clients, mostly women, made a difference for rural women in Bangladesh when contrasted with rest of South Asia²⁷. On issues around women rights, the process of progressive enactment has faltered often, but the effort continues.

Child mortality rate reduced from 146 in 1991 to 60 in 2007; and infant mortality rate reduced from 92 in 1991 to 43 in 2007. Vitamin A supplement coverage, high immunization coverage, several

²⁶ There are reasons to believe that the reported figures are gross under-estimates due to non-recording of expenses incurred through local/regional governments.

²⁷ Quite ironically, there is concerted campaign against microcredit institutions for right and wrong reasons. In Bangladesh, politics of such campaigns may tie in external interests, eagerness to use lending as an instrument to propagate political patronage, and established businesses facing competition from microcredit institutions and their sister agencies. Inadvertent lapses on account of faulty regulatory framework may provide grounds for such campaigns.

nutritional intervention programs such as FFW, TR, FFE, etc. are believed to have contributed to achieving the target. The achievements may however be precarious and short-lived since a stable health system is yet to be put in place; and the conflicts and potentials of cooperation amongst public and private partners are yet to be worked out. And there is no denial that the country lags behind in reducing maternal deaths on track with MDG commitments. Lack of health education, lack of antenatal care, low percentage of trained attendance at the delivery period; all reflecting absence of an efficient service-oriented health system, are important factors causing such dismal achievement. No less important is the absence of strong local governments which is often the vehicle for implementing effective expansion of health programs²⁸.

Bhutan

Bhutan has made remarkable strides towards the achievement of the MDGs and is well on track to reach most of the targets by 2015. The successful story of Bhutan starts with the Tala Hydroelectric Project which is the key to Bhutan's Economy, promising to almost double the country's per capita annual income. Funded by the Indian Government using grants (60%) and a loan (40% at 9% interest rate), the 1,020 MW Tala Hydroelectric Project is the biggest joint project between India and Bhutan, generating 4,865 million KWh electricity per year. The GDP grew by 11.9% in the FY 2007-08, with electricity sector contributing 22% of the GDP. Expansion of the fiscal space as a result of the Tala project enabled the Bhutanese government to engage in social sector support activities.

The Gross Primary Enrollment Ratio (GPER) for Bhutan has virtually doubled from 55% in 1990 to 105.7% in 2007. Gender parity has also been established in the primary enrollment; with girls to boys ratio at 0.98 for GPER and 0.995 for NPER. Bhutan's practice of offering free basic education (pre-primary to class X) and school meals is worth mentioning in this regard. Bhutan has already met three of the MDG indicators (proportion of underweight children, access to clean water and access to sanitation). Bhutan also is the first nation in South Asia to eliminate iodine deficiency disorders (2003), and no polio case has been reported since 1986. But transmitted infections are of particular concern.

In spite of the impressive overall progress, one-third of the Bhutan's population still lives below the poverty line. Bhutan's *Progress Report: Midway to Millennium Development Goals (2009)* found that the poor comprises of 38% of the rural population but only 4.2% of the urban population. Income-generating opportunities are at stake in rural areas because of Bhutan's small domestic market size, rugged terrain, limited infrastructure, high transaction costs and small labor force with little development of micro, small and medium enterprises. It appears that the primary thrust of the Bhutanese government is on modernizing the state with adequate capacity building; and using that to make use of the sale proceeds from resources (including such items as electricity) to foster the goal of increasing "happiness".

Cambodia

The country remains off-track on poverty reduction, though achievements are claimed in the health sector. The Cambodia Demographic and Health Survey (CDHS) 2005 reported declines in child mortality by about 30% (approximately 6% decrease per year) during 2000-05. Immunization coverage for children under 1 year of age also increased, especially for DPT, from 73% in 2003 to 82% in 2007. During late 2007, the Royal Government of Cambodia (RGC) issued a policy for supporting midwives for safe delivery at the public health sector. Because of improved maternal services, delivery by trained health professionals increased by two times: from 22.4% in 2003 to 46% in 2007. Unfortunately, unlike Bhutan, Cambodia's fiscal space had not widened on a sustained basis to provide adequate financial incentives to ensure effective governance²⁹.

²⁸ Delivery of quality health services demands some degree of vertical control. Yet presence of strong sub-national governments is of critical importance to ensure effective implementation of programs.

²⁹ Non-tax revenue from land leases and leasing of other properties and services may have failed to reach their potentials due to inappropriate pricing.

Cambodia has a long history of local governments in communes. Availability of information at commune levels facilitated implementation of policy designs aimed at bringing efficiency and ensuring distributive objectives in spatial resource allocation. There are, however, reasons to believe that speculations in land markets, fueled by anticipation of increased investments in agriculture as a result of high food prices, may erode the solidarity at commune levels. The implications of such breakdowns for MDG realization need closer scrutiny.

India

India's performance in reducing poverty has been rather slow. The country is however an early achiever in reducing HIV prevalence and increasing access to safe drinking water. The National AIDS Control Organization initiated a large-scale surveillance program for prevalence of HIV infection throughout all the states of India, raised concerns about the role of intravenous drug use, and also brought significant improvements to blood supply safety in the country. Besides, AIDS control society in each state has been set up by government. India's achievement in improving access to safe drinking water is largely due to enhanced policy focus on rural development tied to improved distribution of scarce water resources.

India is also on track in MDG 2: primary enrolment of 6-11 year old children by their NER measure improved from 83% in 2000 to over 95% in 2007-2008. The proportion of pupil starting grade 1 who reaches grade 5 rose from 62% in 1999 to 72% in 2007-2008. Youth literacy rate also increased from 76.4% to 82.1% during the same period; and it is expected to reach 100% by the end of 2012. Some government initiated strategies having successful implementation are the introduction of mid-day meals, opening of alternative schools, promoting participation of Parent Teacher Association (PTAs) and massive enrolment drives. Besides, centrally-sponsored schemes, largely using the Information and Communication Technology (ICT) and *Kiosk* network, are examples of good practices that are worth replicating. In this regard, the contribution of *Sarva Shiksha Abhiyan* (SSA), the national policy to universalize primary education launched in 2000, is also worth mentioning.

Indonesia

With numerous islands to govern, the hurdles are greater in delivering social services in Indonesia. In spite of it, the country has already achieved the primary goal of halving the proportion of people below US \$1 per day - the incidence of extreme poverty reduced to 5.9% in 2008 from 20.6 % in 1990. The government initiated National Community Empowerment Program (PNPM *Mandiri*) in 2009, providing employment and income for the poor; building capacity of the community and institutions, and Small Enterprise Credit Programme, are said to have helped in achieving the poverty reduction. However, large disparities exist among the provinces, which make the achievement fragile.

The country is also on track in Goal 2. The government introduced School Feeding Programme in 2001 for elementary school students through distribution of biscuits and dried noodles to improve the school attendance among the school children. Progress on reducing CMR is also on track, reportedly due to ensuring availability of doctors in every village.

Lao People's Democratic Republic

The report on MDG costing for Lao People's Democratic Republic notes that the country is off-track in more than 50% of the 26 indicators under 7 goals. Lao People's Democratic Republic is on track in MDG 2; net enrolment rate in primary school increased from 58% in 1991 to 84 % in 2005; and proportion of pupils starting grade 1 who reach grade 5 increased from 48 % in 1991 to 62 % in 2005. These gains may be attributed to several factors: increased availability of public schools, increase in participation of the private sector in educational delivery, strengthening of non-formal education, greater demand for schooling among the poor. On the basis of the national poverty criteria, 72 out of 142 districts have been identified as poor. Under the national growth and poverty eradication strategy, the government has given priorities on 47 poorest districts for the program of school construction.

Lao People's Democratic Republic is also on track in most health-related MDGs. The under-five mortality rate declined from 170 to 98 per 1,000 live births, and the infant mortality rate from 104 to 70 between 1995 and 2005. Maternal mortality rate reduced from 650 deaths per 100,000 live births in 1995 to 405 in 2005. Successful establishment of mother and child health centre, especially in rural areas; providing access to comprehensive reproductive health services, especially in family planning; skilled birth attendance and care immediately after pregnancy and childbirth; and emergency obstetric and neonatal care are reportedly the pillars of this success. Lao People's Democratic Republic is also considered an early achiever in reducing the incidence of Tuberculosis.

The country's dependence on subsistence agriculture, difficult terrain aggravating the urban-rural inequality and absence of investments outside the resource-based economy are considered to have hindered progress towards reducing poverty. And the failure possibly reflects adequate committed capacity at both within the government and amongst external development partners working in the country.

Mongolia

According to MDG report 2007, among 9 goals and 22 targets 60% were achieved or were likely to be achieved within 2015. Unfortunately, Mongolia faltered on the important Goal 1; and managing a resource-based economy with the ability to translate short-term premium from resource extractions to tangible asset/capital formation remain a critical challenge to redress the worsening of poverty in the country since the breakdown of the socialist regime. There has however been limited success in addressing unemployment with social safety nets. The government of Mongolia provides temporary shelter and once-a-day meal for homeless and unemployed people and people with no resident registered with their local administration under the nutrition support of vulnerable population programme in 2008. To generate employment, the government has established student employment promotion service centers which provide training and informative services for descent entry into labor market, register students willing to work at leisure time, grant access to loan programmes, meditate for apprenticeship in enterprises and organizations.

Mongolia's achievements are noteworthy in the health sector even though regional disparity persists. Under-5 mortality rate per 1,000 live births decreased from 88.8 in 1990 to 23.2 in 2008. Infant mortality rate (IMR) per 1,000 live births also decreased from 64.4 in 1990 to 19.4 in 2008. This was possible due to the other achievement in ensuring immunization of 96.9 percent infants with measles vaccine in 2008. MMR reduced from 200 per 100,000 live births in 1990 to 48.6 in 2008. In 2008, 99.8 percent of the delivery was attended by skilled health personnel, which equaled the MDG target for the indicator. Among some of the other initiatives that enabled the success are: health awareness of parents and caretaker, summer wellness camp of children in some *aimags* and districts, child feeding and care taking training for mothers, pregnant mothers care guide, supply of 13 essential medicine to children in 20 *soums*, retaining the job posts for delivered mother, supply of diagnostic and treatment equipment in the capital, free medical care, establishment of voluntary counseling and analysis centers in all *aimags*, etc.

The Philippines

In spite of various initiatives to integrate MDGs in NDS, the Philippines performed poorly in achieving MDG targets - it is off track in more than 40% of the 21 indicators of the 8 goals. The country is clearly off track (regressing) on poverty reduction track, with incidence of poverty increasing from 13.5% in 2003 to 16% in 2006. The situation further aggravated during mid-2008 due to food and fuel price hikes and the global financial crisis that followed.

Other than in maternal health, the Philippines did well in realizing targets on child mortality rate, malaria morbidity rate, TB cure rate, access to safe drinking water: Distributing Vitamin A capsules by regularly organizing Child Health Week and micronutrient fortification of food are believed to have contributed positively. More importantly, provisioning of low cost medicine and strengthening the national and local health system are some notable strategies which enabled achieving the targets.

Poor MMR is attributed to lack of education poses the highest threat to the health and lives of expectant mothers.

There has been a significant decline in NER and it is acknowledged that there is severe shortage of teachers, and other facilities to propagate basic education. The move towards strategies/ plans with greater emphasis on higher education and ICT are yet to pay-off.

Thailand

MDG 1 of halving poverty was attained by 2006, when the poverty rate was estimated at 9.6%, a two-third reduction from 27.2% in 1990. The key to Thailand's success is believed to lie in managing dispersion of growth benefits through spatially dispersed institutional linkages. Establishment of poverty eradication caravan which was sent across the country to help in solving poverty problem by giving advice and services for occupational development and providing skill training was a part of that initiative. 'One Tambon-One Product' programme to encourage people in every village to create a product that represents the culture of the community and also generate extra income, debt suspension programme which helped small farmers to solve their cash flow problems and acquire new technology, establishment of special purpose vehicle (SPV) company to promote agricultural business which served as a major financial measure to secure capital resources for farmers in the form of a production factor. Moreover, establishment of SME bank to foster small and medium enterprises and micro credit schemes are also perceived to have been key to the success.

Thailand's attempt to consolidate success through investing on human resources is also noteworthy. Regular extension of compulsory period, zero tuition cost, 15 years of free education (pre-school to upper secondary), subsidy on textbooks, uniforms and school milk, and the dream school program, are some of the policies whose contributions are worth looking into. The major achievement has been in the health sector with the introduction of universal health coverage, which brought into its net more than 99% of the Thai population by June 2010 (see Table 7 in Annex 2). Quite recently, basic coverage has been extended to children born in Thailand of resident mothers of foreign origin. Simultaneous development of private sector commercially motivated health services capable of attracting foreign tourists and deepening of the domestic health system; and facilitating the service deliver within a cost-effective ICT environment sets an example for other countries in the region and beyond.

In spite of these, there exists high dropout rate from elementary to lower secondary and from lower secondary to upper secondary.³⁰ There are two other areas where Thailand is believed to be lagging behind in spite of early optimism. The situation with regards to the number of persons infected with HIV had deteriorated, and Thailand is now ranked as 18th highest among 22 countries having severe tuberculosis problem.

Vanuatu

The country's strategy paper integrated 8 MDGs with 18 targets and 52 indicators; but very little reference to those are found over the recent past. It partly reflects the experience where external partners often are the main driving force in taking the MDGs forward; and no action is visible if such initiative is lacking for one or the other reason.

Vanuatu's major achievements have been in MDG 4 and MDG 6. Under-5 MR per 1,000 live births reduced to 30 per 1,000 live births in 2007 from 58 per 1,000 live births in 1989. Infant MR reduced to 25 from 45 per 1,000 live births during the same period. Incidence associated with malaria and tuberculosis had also reduced significantly. Upgrading dispensaries to health centers to capture the needs of remote population, improvement of Northern District Hospital in secondary level acute

³⁰ High cost of uniforms, travel, equipment, meals and informal fees demanded by some schools are responsible for this situation. Besides these, children are often withdrawn from the school in order to work and contribute in the household work.

services to free health facilities and aid posts played important roles in improving health status. One noteworthy practice to sustain healthcare delivery is the initiative taken by the health center managers in Sanma province. The latter raised community fund to build waiting mothers' accommodation to encourage women from more remote communities to stay close to the center before the onset of labor, upgrade labor ward facilities, provide training for traditional birth attendance, all of which helped to improve maternal health situation.

Viet Nam

All plans and strategies since 2001 in Viet Nam incorporated MDGs – 8 goals and 45 indicators. The country has made sub national MDG profile for 10 selected cities. Incidence of poverty reduced to 15.5% (2006) from 58% (1992) with GDP growth rate of 8.48%. Malnutrition rate of children under 5 reduced from 41% in 1990 to 20.6%. Health care insurance, free medical examination facilities, exemption of tuition fees, support for improvement of private housing, safe water supply, additional allocation of cultivable land to poor, support for ethnic group minority, credit support for education, job creation, construction of rural infrastructure, support for poor ethnic group are believed to have played important roles in achieving the target. Moreover, Viet Nam's access to World Trade Organization (WTO) in 2007 opened ways to growth in manufacturing for export, considered largely labor intensive and pro-poor.

Viet Nam achieved significant progresses in MDG 4 – under-5 child mortality rate declined from 58 in 1990 to 25 in 2008. Maternal mortality rates also declined from 233 in 1990 to 75 in 2008. Several policies and program initiatives contributed towards such achievements. These are, exemption of fees for first two deliveries; immunization program administering 6 vaccines to children before the age of 1 year; upgrading commune health clinic with better medical facilities; and child malnutrition prevention programs. All these were facilitated by the strong presence of local government.

Two important institutional practices that may have contributed significantly to MDG achievements are the independent political commitment towards social security rooted in perceiving those services as basic human rights; and a system of local governance. There are also lessons to be learned in managing the transition towards a market-based economy; and the critical challenge remains in ensuring property rights in a transformed economy/society and institutionalized fiscal governance that generate benefits for the large majority. It does appear that the disjuncture that one observes in many other countries between planning process and the process of financial resource allocations is less of an issue in Viet Nam. There is a need to identify the lessons and find ways to use those in countries where such disjuncture is an obstacle.

3.D.2 Selected Issues on Implementation

Several issues pertaining to program design and implementation aimed at realizing MDGs are discussed below. The discussion draws upon experiences in several countries, and no individual reference is made. The issue of implementation arises at each stage of decision process³¹; and capacity is at issue in each stage of implementation as well. The canvass is too large; and the focus below is retained to limited issues on service delivery at the lower tiers and few issues on capacity or lack of it hindering implementations at higher tiers.

It is commonly acknowledged that limitations in traditional service delivery system, largely placed under the government sector, failed to reach out to wider population. This had been true for access to education, health, credit/banking facilities, water and sanitation, etc. While growth in employment and income enables households to avail such services, one premise underlying supply-driven MDG initiatives is the faith that markets may be bypassed to deliver those services. In pursuing that line, several lessons have been learned over the years. The very first is the choice between inclusive and exclusive (targeted) programmes. It is commonly observed that inclusive programmes are easy to

³¹ More on it in Section IV.

implement, involve least (or no) leakage, and do not lead to segmentations within the society³². However, the choice of exclusive/targeted programmes is very often imposed due to limited availability of resources. In such instances, past practices as well as academic discourses on such practices suggest that programme designs with built-in characteristics favoring self-selection of the target population hold better prospects of realizing goals. Small size loans, regular saving requirement and weekly attendance in group meetings were some such characteristics in the early phase of microcredit programmes.

A second issue of importance, in the context of targeted programmes, is the choice of individuals or households as opposed to communities in transferring resources or delivering services. There is possibly no unique choice whose supremacy is invariant to program types, time and space. In stead, one needs to find the right balance between the two and appreciate the dynamics of relative emphasis to be given. There is ample evidence of success with community-driven programs, such as, the Urban Partnership for Poverty Reduction in Bangladesh; Decentralized Community owned and managed water supply and sanitation system in state of Gujrat in India; school-led total sanitation in Nepal. Often, introducing appropriate technology and building partnerships between communities and formal agencies (within and outside the government), such as the Artificial Aquifer Recharge project in Hong Pong district in Viet Nam, has proven fruitful.

Geographical targeting, as a way of reaching out to the 'excluded', has long been recognized. Unfortunately, the interest remained confined to social safety net programmes and social protection measures. While resource transfers under some such programmes are aimed at building productive assets for the poor, these have largely confined to self-employment activities, whose prospects are limited by meso-level environment in the locality/region. Increasing disparity at sub-national levels is now widely recognized; and lessons from economic geography point at the needs for appropriate measures on connectivity to facilitate goods and labor movement, as well as on the need to seek spatial allocation of strategic resources that is socially optimal. The latter calls for putting effort towards local level planning that is integrated with the national-level planning; and future efforts towards taking MDGs at sub-national levels may need to be pitched within a national framework.

Service delivery requires agencies, be those extended organs of the government or private or quasi-private NGOs. Limited findings presented in this paper point at the contributions effective local governments may make towards realizing MDGs. Simultaneously, NGOs have emerged in many countries specializing in delivery of such social services as alternative education, health and water & sanitation services. There have often been tensions between these agencies; and it is important to emphasize on economic rationale of resource allocation in finding the right mix of participation amongst various stakeholders. However, in all cases, commitment of the political government and the executive wing of the government is of vital importance, which plea for good governance where centralized decisions are called for. It also calls for finding the right balance between centralized and decentralized decision-making and implementation.

Finally, few observations are made on capacity needs that are crucially important in programme designs to translate visions; and in implementing projects. In most countries in the Asia-Pacific region, human capacity to implement projects has developed within the government as well as in the NGO sector. The problem however lies in providing adequate incentives to retain the capacity and in putting in place appropriate regulatory framework that will allow sustenance of these agencies in changing environment. There is, therefore, a need to review institutional experiences in different countries and share best practices in governance of the sector that is meant to deliver the services or a portion of the vertically tiered services. The shortage remains severe at the upper tier, particularly within the government. The culture of consultant-dependent program and project design may have worked in the past to support an aid infrastructure and promote the MDGs within national boundaries. The country experiences however suggest that local ownership of the MDGs (in spirit) has been the

³² An example is the post-Aila initiatives in the coastal south of Bangladesh; where targeted programs are considered to have introduced new forms of distortions in the local society.

key factor in achieving targets; and instances of externally-driven MDG initiatives largely remained rhetoric!

4. WAY FORWARD

4.A The Premise

The paper was meant to assess the progress in integrating MDGs in the respective country's NDS; and propose a framework to guide actions in the coming years. It is difficult to link micro-level implementation issues with the macro-level development strategy formulation even when one considers a single country; and to arrive at a unique proposal for a region would be absurd. Upon accepting the limitation, this concluding section deals with three sequentially linked issues. First, a general framework is proposed to contextualize 'MDG integration with NDS' that capture not only the rhetoric statements made in a strategy document, but also encompasses effective strategy adopted. The second summarizes some of the lessons from country-level experiences and from insights obtained from various exercises presented in this paper. The very last segment proposes a framework of actions, till 2015 and beyond. Since discussion on future is speculative at the least, one needs to draw the perimeter by making explicit assumptions on broad scenarios of the future to come. Rest of this sub-section does that.

There is no hiding that we have crossed two-third of the road; and rest of the path will be murky because everyone else will be looking beyond with no less uncertainty, causing great deal of noise on the ground. Thus, commitments we make are more likely to falter during transitional times.

Let us also agree that not all MDG targets will be realized by all the countries in the region by 2015. Yet, it is important to recognize that hardly any other agenda will claim such broad-based supports as MDGs did and continue to do; and the goals with redefined targets will always remain objects of human pursuits. It is therefore important to reassert commitments to the goals, even beyond 2015.

In spite of commitments made, fund flows on account of promoting MDGs in developing countries are likely to dry out, making room for new agenda. As mentioned earlier, such transfers may take newly defined routes, such as, global funds to be allocated on a competitive basis. The traditional beneficiaries in the recipient society (as well as the government), rightly or wrongly, may be affected by such shifts. In a world driven by incentives, there will be increased uncertainty in implementation unless the agenda is nationally/locally owned; and local interest groups find it to their interest to voice against any deviation from the goals.

4.B Proposed Framework for Integration of MDGs in NDS

To initiate discussion, a general framework is proposed in Figure 6 on the route through which a national development strategy gets implemented and may thereby influence MDG outcomes. It highlights two major routes to realizing MDGs through NDS that existing literature on the subject recognizes:

- i. Inclusion of MDGs in plan documents, translated into budget allocations, which influence outcomes when resources take tangible shapes in delivery of services through appropriately designed programmes; and
- ii. Policies and programmes are adopted, either following the NDS, or, independent of the plans, which positively influence MDG outcomes; or, influence the outcomes expected under (i) above.

The proposed framework in Figure 6 also identifies the various links in the chain where six different types of gaps may arise³³. These are:

- i. *Strategy gap*: in adopting MDGs in national, sub-national and in sector plans;

³³ Figure 1 does not explicitly include gaps in institutional capacity, which arise at different tiers from strategy formulation to final implementations..

- ii. *Implementation gaps*: perceived at three different stages – (1) translating NDS focus on MDGs into allocation of resources in the budget; (2) where MDG costing has been done, incorporating those in the budget formulation, and (3) using allocated resources in designing and implementing appropriate service delivery which directly influence outcomes.
- iii. *Resource gap*: when adequate resources are not available from domestic and external sources to finance MDG implementation;
- iv. *Growth gap*: when there is a trade-off between growth and stabilization objectives, and required growth to realize MDGs cannot be achieved due to policies of demand management and stabilization.
- v. *Policy gap*: absence of required policies to foster adequate growth (rate) and reduce inequality.
- vi. *Capacity gap*: There are several aspects to it – (a) skilled manpower to design and implement tasks at various tiers; (b) gaps in institutional space in terms of lack of coordination amongst agencies within the government and absence of transparency in functional division of work across various agencies; and finally, (c) physical capacity such as inadequate identify capacity requirements at each tier. One may consider *institutional gaps* instead; and perceive capacity beyond human capacity.

The following sub-section summarizes the country level experiences within the proposed framework so that appropriate actions may be identified in the last part.

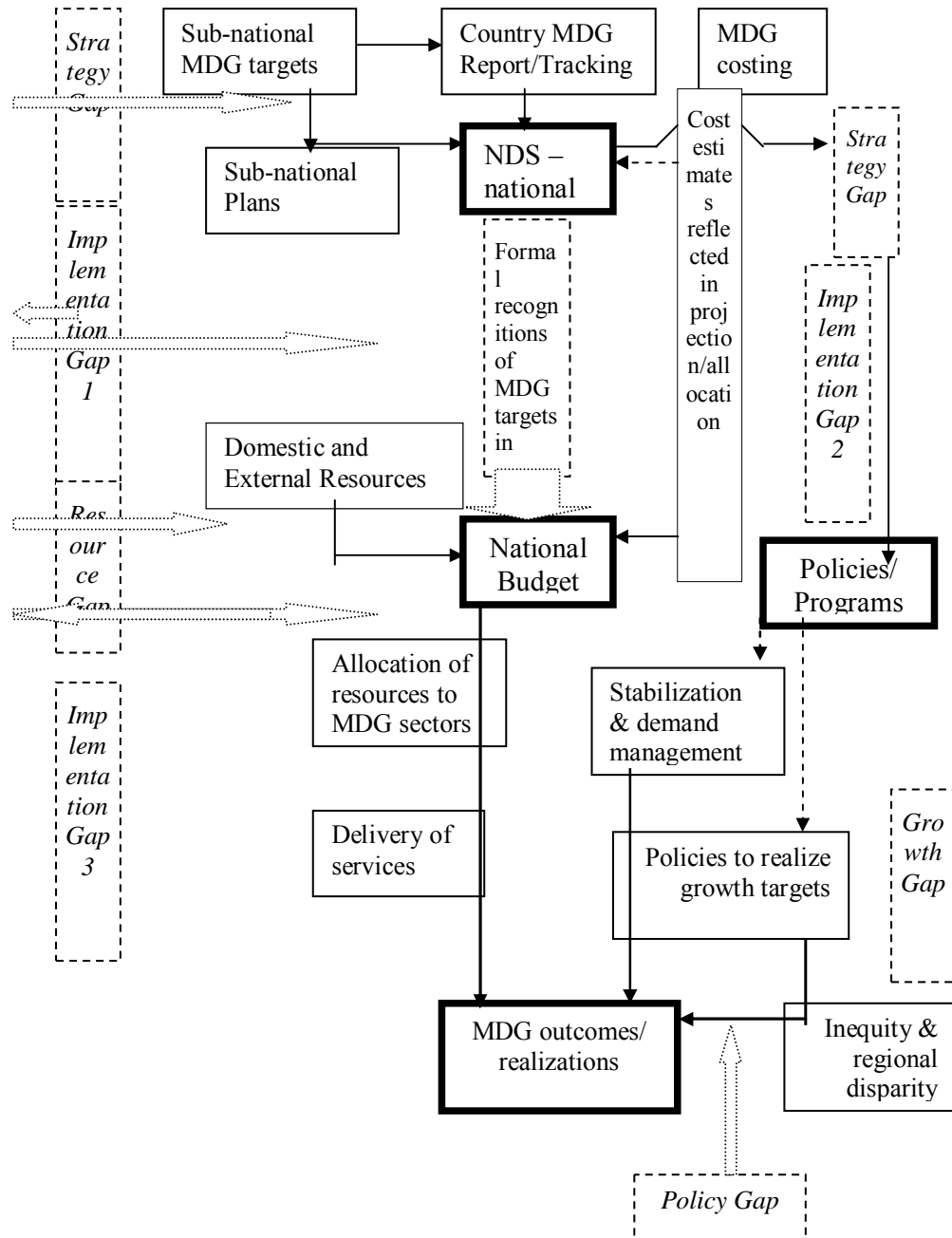
4.C Summary of Experiences

A narrow perspective on integrating MDGs in NDS would confine to the level of strategy gap – assessing whether MDGs have been incorporated in national policy documents. In this regard, we find some countries having prior commitments to those goals since the political system had historically emerged on the premise that some of those goals (for example, access to safe drinking water, education and health services) were elements of basic rights of all citizens a government is obliged to fulfill those. In these countries, whether MDGs were taken up through formal enactment (as in Mongolia), or seriously addressed within the broader development strategy (as in Viet Nam), strategy gap was reduced (or eliminated). One may add Bhutan’s pursuit for ‘happiness’ to the list; and Thailand’s commitments to free education and universal health coverage. It is important to note that having zero strategy gap does not ensure identical undertakings for realizing MDGs – the political economy of the country and the maturity of institutional space matter. And, it is beyond the scope of the present paper to untangle those elements.

The non-LDC developing countries are found to be divided into two extremes – those embracing MDGs well, and countries such as India, which is yet to find ways to give high priorities to MDGs in the same frame as was articulated by the proponents. One may contrast the Indian case with that of Thailand, both being largely driven by the pursuit for economic growth. In the former, the zone of conflict between growth and equity is possibly large to postpone internalization of MDGs in the country’s NDS. In contrast, in spite of discontinuation of country MDG reports, Thailand’s polity appears to have internalized the spirit of the MDGs. It does indicate of the importance of equity-growth trade-offs that condition the extent to which MDGs get integrated in a country’s NDS. The intermediate cases are mostly LDCs, where MDGs have been driven largely by one or the other external partners.³⁴ In latter cases, as well as for some of the non-LDCs, the need for ownership transfer remains real. While discussing the Cambodian case, mention was made of parallel pursuits through same government agency to formulate two different national development strategies – a Plan and a PRSP! Assuming that there is no such lack of coordination, one would expect the transfers to be made while resources remain to support initial kick-ups.

³⁴ In most countries, it was the UNDP which steered the supports on MDG account.

Figure 6: Proposed Framework for Integrating and Implementing MDGs through NDS



Note: In addition to the various “gaps” identified above, there may also be “capacity gap” surfacing in more than one tier.

The major hurdle in the integration is possibly in translating stated visions into design of effective programs and allocating resources to support implementation of those programs. In this regard, initiatives around MDGs have often run parallel to actual governance, failing to make significant inroad into strategy formulation (beyond those stated in plan documents), largely due to choice of less effective MDG focal point. This is an issue often raised in passing, but not adequately addressed due to lack of secondary research on the subject. There are reasons to believe that such choices from both the external partners and the decision-makers within the national government are contracts of convenience, and are made on the premise that the external partner owns both resources and the control. And it is most often the case that these agencies have limited human capacity and had failed to acquire much capacity due to prolong dependence on external consultants. Thus, ownerships never get transferred; and other than the awareness changes at the level of consciousness of limited few, much of the MDG achievements are autonomous - that is, due to growth and the fiscal measures to redistribute benefits in response to social considerations that prevail independent of MDGs.

A major failure of the MDG initiative has been in the inability to formally integrate MDGs in the budgeting process. As mentioned, countries which adhere to annual budgets only, have no room for MDGs. In contrast, the MTEF or the MTBF, which emerged out of the PRSP accounting structure, formally incorporated poverty (and gender) accounting. But, no serious attempt has yet been made in any of the countries under review to integrate MDGs in the MTEF/MTBF process. Several countries have completed MDG costing exercises, which have remained stand-alone document. Estimates derived from these costing exercises have been quoted in NDS documents; and at times, their estimates have been used in budget exercises. But for all practical purpose, the philosophy of identifying interventions and resource needs in order to attain a target, has rarely been seriously taken up in the MTEF/MTBF. Often the institutional isolation of the focal agency (often the Planning ministry/department) from the Finance (or, Ministry of Economy) has been the deterrence; and one may attribute some of the differences to the differences prevailing amongst external partners. In this regard, on-going MTDP and budget processes in Papua New Guinea (PNG) appear to be an example, whose progress needs to be closely monitored for possible lessons for others. The presentation of Ms. Juliana Komun-Kubak³⁵ at the Partnership Dialogue in Phnom Penh revealed that the Planning process identifies input requirement through a chain linking goals, strategies and deliverables – very akin to arguments embedded in the logic of MDG costing. Subsequently, MTDP is translated into budget where key enablers are identified so that expenditure and investment are guided to particular sectors of interest.³⁶ Appropriate functional classification in the budget is also introduced in order to ensure correspondence between plan and the budget. It is important to reassert that the exercise to directly link development plan with budget in PNG was possible due to strong leadership leading to establishing control of Planning over the development budget, leaving the recurrent budget to Treasury.

Resource gap has often been considered a major hindrance to implementing MDG-based NDS; and there was a time when MDGs were perceived as rationale for binding developed countries to commitments for transferring resources. A very tentative exercise in this paper suggests that mere inflow of external resources do not ensure higher commitments of funds in national budgets to MDG sectors. It is therefore important to revisit the relation between external assistance and MDG realization, particularly after the move towards general budgetary supports; and it is necessary to take into cognizance how such resources are negotiated and utilized. In addition, the report hints at the changing rules of cross-border resource transfers under the umbrella of aid, which calls for an additional dimension of MDG integration with CIPs.

³⁵ Ms. Komun-Kubak is the First Assistant Secretary, Strategic Development Policy Division, Department of National Planning & Monitoring, PNG.

³⁶ Of the seven key enablers in development budget 2011, three are clearly aimed at MDG sectors. These are, universal access to primary and secondary education, provision of key utilities (electricity, clean water and sanitation, and communication), and improving health outcomes.

Most achievements in MDGs have been in the areas of health and education.³⁷ In contrast, most countries have failed to be on track in case of reducing poverty. The latter has remained elusive and got further complicated due to increasing differences at sub-national levels; and due to increasing ‘madness in methods’ of calculating poverty – an issue not discussed in this paper. As noted with regards to education data (on NPER), we have failed to arrive at a common consensus on the statistics we use to monitor progress and evaluate our successes and failures. The assertion applies to other data as well, some of which have been used (in this paper) to suggest of achievements. Unfortunately, the capacity of the agency that is meant to monitor is often very limited – and the poverty of intellects fits in too well with intelligent maneuvering with numbers to dodge the obvious failures! It is possibly never too late to reflect on the statistics that we are generating and using to make numerous claims.

A final observation is on the importance of local governments, with grass root level agencies connected with an apex political organization (national government).³⁸ No matter how good the policies are, without the right vehicles (agencies), the likelihood of failure increases. Countries where sub-national strategies could be developed and MDGs were integrated into such policies, presence of grass root organizations is observed. There are others where the process ends in consultations without bearing much fruit at the ground levels.

4.D Proposed Action Plan

With hardly five more years to reach the terminal year of the first phase of global consensus on realizing MDGs, it is urgent that there is adequate reflection on the experiences so far within national governments of countries in the region as well as within the pool of development partners, especially those who put efforts to promote the MDGs in developing countries. Such a process, if jointly undertaken, would allow all stakeholders to reassert commitments to MDGs and jointly find ways to take the agenda forward. Few suggestions are made in this concluding sub-section for the engagement/exchanges to be more effective.

There is a need for a roadmap to transfer ownership of MDG initiative to local governments. There are at least two elements that the country representatives may like to discuss. First, if the need to revisit the relevance of current focal agency is appreciated, one may proceed to identifying appropriate line Ministry, preferably the one in charge of resource allocation. Alternatively, one may consider institutionalizing an effective coordination between the current focal agency with the one in charge of resource allocation. There is a more substantive issue with regards to localizing MDG ownership: rather than perceiving it to be a one-way transfer of ‘ownership’, initiatives may be taken to identify policy processes in the countries of the regions and the factors that contribute or hinder adopting and implementing policies that promote realization of MDGs.

While effort to reduce strategy gaps should continue in countries which are yet to fully acknowledge the MDGs in their NDS, efforts need to be made to translate MDG-based NDS into ‘development projects’ that find place in the allocation of financial resources made in budgets and MTEF/MTBF. Since many countries are now moving towards more comprehensive MTEF/MTBF (beyond initial pilot level initiatives), it is possibly the right time to engage. There is however a need to coordinate with development partners promoting the MTEF/MTBF through Ministry of Finance (and/or Economy). In addition, ways should be found to ensure inclusion of MDGs in CIPs.

Widening the fiscal space is critical; and desirably, generating own resources to support MDG initiatives should get primary focus. In this regard, reforms in tax administration is a first step – but, one should also be find ways to pre-commit (tag) specific tax revenue with its use for specific MDG sectors. In countries in the region which depend on royalty from resource extraction or earn revenue from exporting energy and other mineral resources, it is the responsibility of the global community to ensure that the people in those countries benefit from such transfers. This may be achieved by

³⁷ Interestingly, statistics on progresses in both these sectors are flawed, on which this report has not delved into.

³⁸ Figure 5 mentions of policy and growth gaps, which have not been addressed in the review.

ensuring greater transparency in such transfers and by encouraging national governments to build reserves from such revenue to guard against price volatility.

There is no denial that growth is a pre-requisite for poverty reduction; but one ought to find ways to make such growth inclusive so that past failures in reducing poverty may be overcome. Without undermining the potential conflict between growth and equity, NDS which promote inclusive growth ought to be recognized essential element of MDG integration. Such a growth is commonly perceived to emphasize on capital investments within national boundary, choice of activities commensurate with the mix of initial endowments, persistent effort to transform the vast manpower into skilled labor, strategic clustering of economic activities that are spatially dispersed and yet connected with relevant markets, existence or establishment of strong local agencies/governments, and a right balance and distribution of power and functions between the central and the local/regional administrations. Since most countries in the region have high proportion of their population living in rural areas, an inclusive growth strategy needs to part from the traditional development perspectives in the guise of 'rural development'. It is proposed that exchanges on various perspectives on 'inclusive growth' and incorporating MDG agenda into such growth perspective be promoted.

As noted before, there are gaps in human capacity required for effective design and implementation of policies; and there are deficiencies in the various measures we use to monitor MDG progress. The primary gap appears to be in translating visions (articulated by political leaders) into feasible programs and projects. Currently, this process is on at sector levels and in CIP preparations that often cut across sectors. The latter may provide a good ground to initiate the process of capacity building within the government. Changes in institutional policy to accommodate expertise from outside over a longer period, as an integral part of the system, may be another option to house capacity within the government. The plea is for revisiting the role of temporary consultants, which fails to contribute continuity of institutional knowledge.

A second area of capacity deficiency is in statistical constructs. In spite of prolong period of supports, numbers remain biased by the priorities of those who control their generation. In case of education statistics, independent measure on NER from survey data is essential to ensure consistency in departmental data and other demographic variables. The same applies for various measures on health-related MDGs. On such matters, training is less of an issue. In stead, country experiences may be shared to agree on a process to find right usage of the two sources of data.

With regards to project implementation and delivery of services, lot has been learnt with the spread of NGO activities, which developed into trans-boundary resources over the years. The tension however exists between the government agencies and NGO/MFIs, and between the private sector with NGOs trespassing into commercial activities, be those in the name of social business or commercial engagements under legal umbrella. With changes in the modality of resource transfers, conflicts between these various agencies are likely to increase in the coming years. It is necessary to preempt such fallouts and take appropriate measures to ensure harmony within national polity; so that quality of service delivery may be ensured through cooperation across agencies.

Recent trends following the commodity price volatility and financial crisis appear to have unleashed 'individualistic approach' amongst many developing countries, often at the cost of arousing mistrust in cooperation. There is however increasing recognition in the mutual benefits to be harnessed from cooperation amongst neighbors and within the region. Supporting investments on infrastructure to promote connectivity within the region and promoting joint-stake-holding in investments dispersed across countries in the region will ensure that benefits are widely shared and the dream of poverty reduction remains no more elusive.

In the light of the above discussion, following concrete steps are suggested whose implementation may be jointly shared by the external development partners, national governments and other national and supra-national non-government entities:

- Revisit the concept of having a single agency as the focal point for MDGs; and review the relations between that agency with the prime sponsor (mostly, UNDP country office or RRC).

In order to pave the way for a new rule of engagement, it is proposed that a coordination cell with minimum resources at its disposal be set up, where feasible. Ideally, such a coordination cell should involve representations from Planning and Finance (Budget division), along other government agencies and from those outside the government.

- Undertake review of policy processes in a selected group of countries representing various types existing within the Asia-Pacific region. The purpose is to identify factors that are more likely to adopt NDS and resource allocations favoring MDGs; and identifying agencies within and outside the government which may be supported in specific areas to facilitate such adoption. The task should ideally be done by people within the government with analytical supports from outside.
- Upon reviewing country-specific practices, technical supports may be provided to develop capacity within the government for translating plan documents into resource allocation (investment) plans. Ideally, this may be experimentally initiated under CIP initiative that cuts across sectors/ministries. A parallel initiative to include MDG-based NDS into MTEF/ MTBF needs to be institutionalized upon ensuring cross-institution cooperation.
- In stead of fully relying on 'government data' and faithfully using them for comparisons and monitoring, resources from national level research agencies may be tapped, who may work in collaboration with national statistical agency and other departmental sources to arrive at consistent figures on major MDG indicators, particularly on education and health.
- Common elements in an inclusive growth strategy should be identified which are pro-MDG; and efforts should be made to share those with relevant stakeholders, particularly the policymakers and those who influence policymaking.
- In order to support timely and appropriate measures by national governments to guard against risk from external market and non-market shocks, countries in the region may collaborate to support information generation, compilation and their free and unrestricted dissemination on a real time basis.

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Annex 1

Data Sources

ADB data on MDG Target Indicator → comparison between 2 years based on each goal → Separate for each country (*Source: www.adb.org/statistics*)

ADB Country data → national income accounts, government finance, money supply 1990 – 2008 or 2009 → Separate for each country (*Source: www.adb.org/statistics*)

ESCAP Statistical Yearbook Data 2009 → for each member country on most variables, (*<http://www.unescap.org>*)

WB data on MDG → Goals indicator → separate for 23 countries
→ Year: 1990, 1995, 2000, 2005, 2008 (*Source: <http://data.worldbank.org/indicator>*)

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(*Source: International Monetary Fund, World Economic Outlook Database, April 2010*
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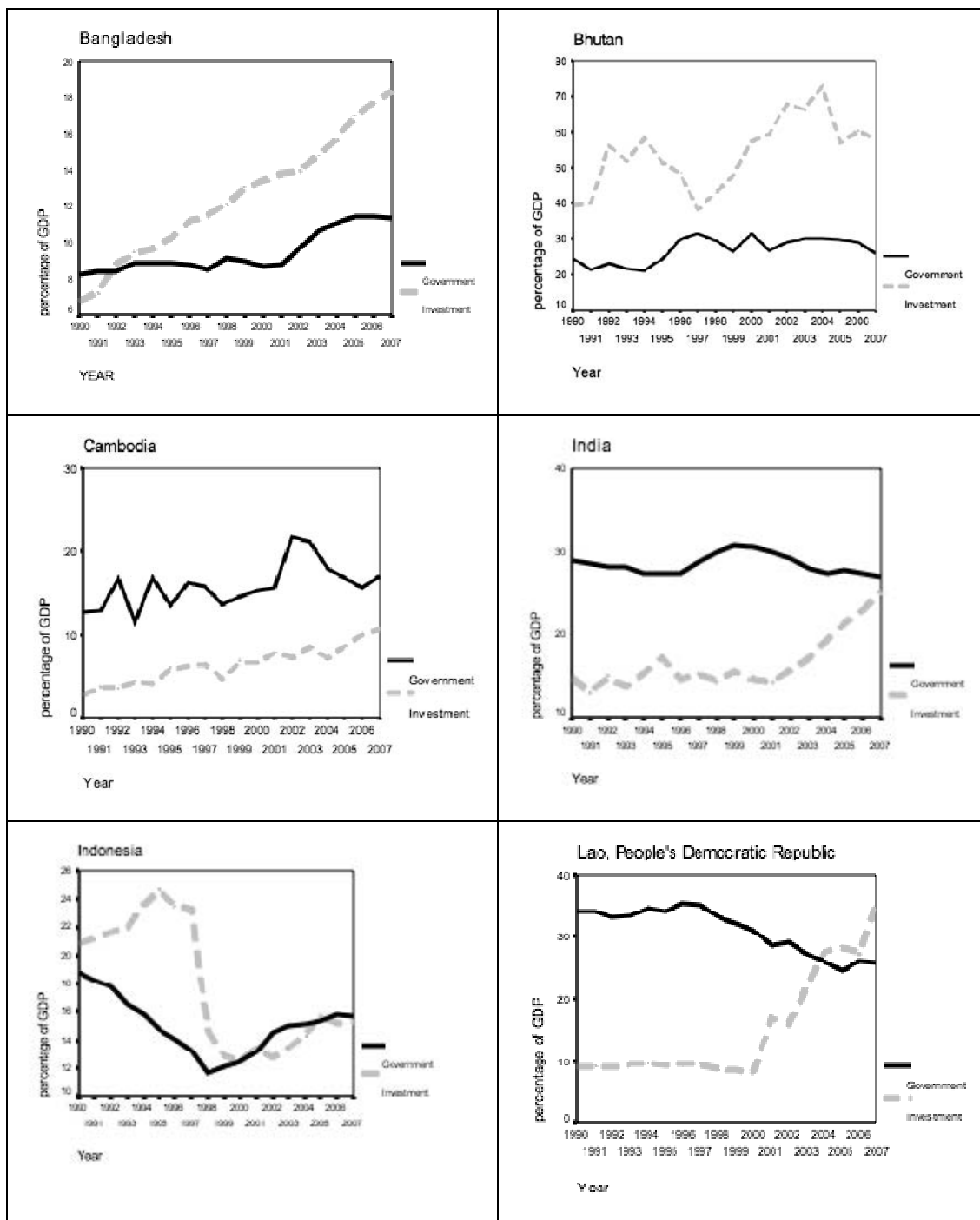
Penn World Table, pwwr3 → variables 33 → year 1990 – 2007 → GDP indicators
http://pwt.econ.upenn.edu/php_site/pwt_index.php)

UN Trade data → Export, Import, Re-export, Re-import
(*Source: Penn World Table http://pwt.econ.upenn.edu/php_site/pwt_index.php*)

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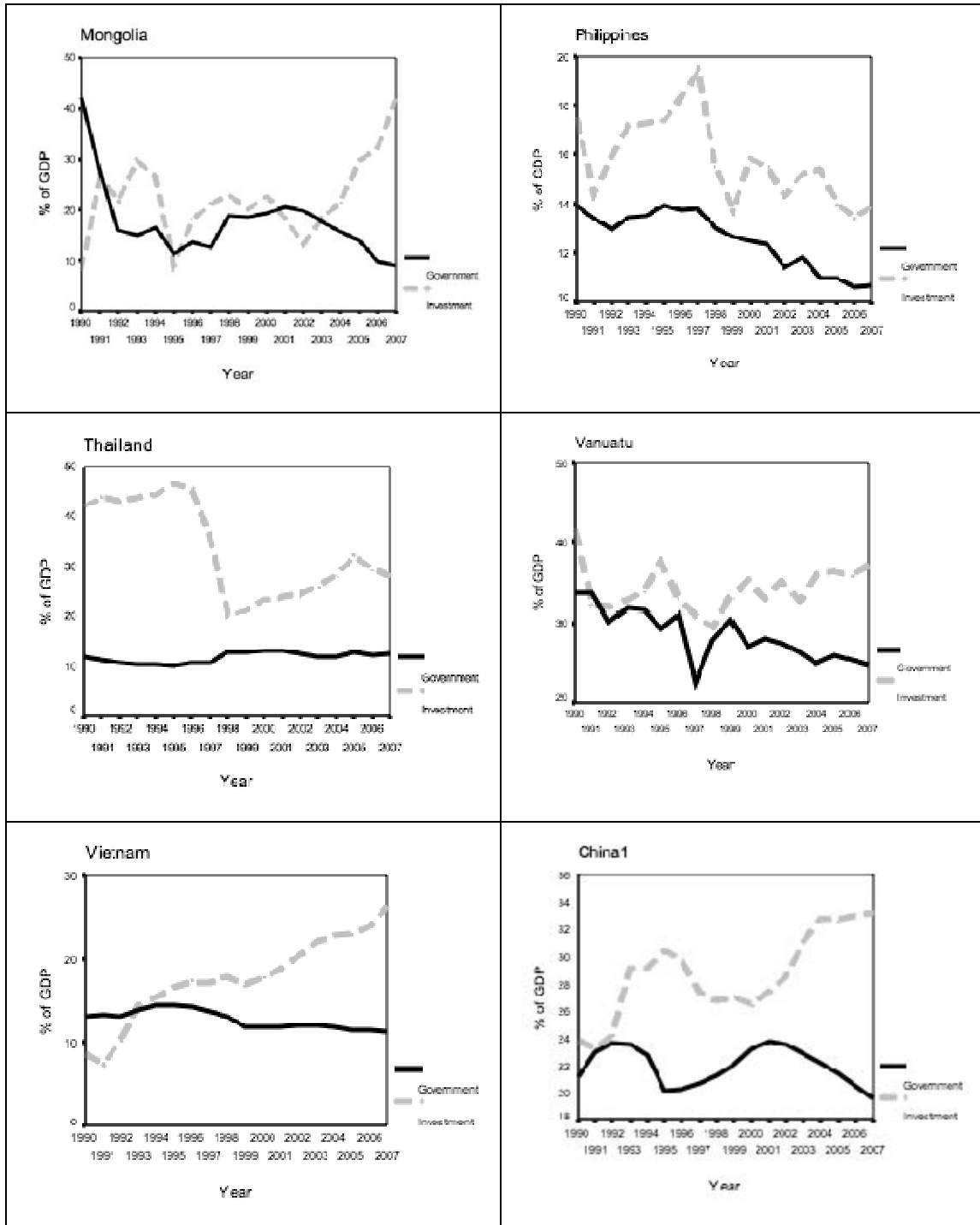
Annex 2: Additional Statistical Tables and Figures

Figure 7
Trends in Government Expenditure and Investments



Source: Penn World Table.

Figure 7 (continued)



Source: Penn World Table.

Table 7
Population registered under different health insurance schemes in Thailand

Scheme	2002	2003	2004	2005	2006	2007	2008	2009 (as of June)
Universal health care	45,352,811	45,972,011	47,099,766	47,343,401	47,542,982	46,672,613	46,949,267	47,440,530
Social security	7,121,147	8,086,115	8,340,006	8,741,658	8,200,443	9,581,741	9,835,528	9,620,511
Civil servants/state enterprise employees	4,045,992	4,024,588	4,267,324	4,151,495	4,061,220	5,132,556	5,002,106	4,968,672
Veterans	-	-	-	122,679	122,347	131,272	128,150	125,403
Private school teachers	-	-	-	95,158	109,758	111,047	109,225	107,848
Non-registered	4,600,780	4,366,355	2,830,301	2,356,963	1,357,460	779,263	522,352	581,174
Total population with health insurance	61,120,730	62,449,069	62,537,397	62,811,354	62,394,210	62,408,492	62,546,628	62,844,138
Health insurance coverage (1+2+3+4+5)	56,519,950	58,082,714	59,707,096	60,454,391	61,036,750	61,629,229	62,024,276	62,262,964
% = (8x100)/7	92.47	93.01	95.47	96.25	97.82	98.75	99.16	99.08
Persons awaiting status confirmation	-	-	-	-	453,740	897,371	1,156,404	1,172,023
Overseas Thais	33,134	32,454	63,269	62,713	60,013	57,020	55,167	13,790
Aliens	-	-	255,685	274,671	282,520	299,929	312,888	322,346
Total	33,134	32,454	318,954	337,384	796,273	1,254,320	1,524,459	1,508,159
Total population	61,153,864	62,481,523	62,856,351	63,148,738	63,190,483	63,662,812	64,071,087	64,352,297

Table 8
Changes in Sector-specific Composition of GDP

Country	Average of 1999-2001			Average of 2006-2008		
	Agriculture	Industry	Services	Agriculture	Industry	Services
bgd	25.26	25.46	49.28	19.29	28.27	52.45
bhu	27.26	36.41	36.33	20.62	41.75	37.63
cam	39.33	21.91	38.76	32.01	25.60	42.39
ind	23.85	25.61	50.54	17.75	28.82	53.43
ino	16.95	45.25	37.92	13.72	47.29	38.99
lao	48.11	18.53	33.36	32.67	28.63	38.70
mon	30.32	21.56	48.13	20.52	37.67	41.81

phi	16.01	31.50	52.49	14.41	31.64	53.96
tha	9.18	41.69	49.13	11.04	44.38	44.58
van	23.01	9.22	59.19	19.50	8.12	63.80
vie	24.40	36.45	39.14	20.98	40.95	38.06

Source: Compiled from ADB Country data for Asia and the Pacific 2010.

Table 9
Ratio of GNI to GDP, period averages

	1994-96	1999-01	2006-08
Bangladesh (bgd)	1.03	1.04	1.08
Bhutan (bhu)	0.90	0.90	0.99
Cambodia (cam)			0.96
India (ind)	0.99	0.99	1.00
Indonesia (ino)	0.97	0.94	0.96
Mongolia (mon)	0.98	1.01	1.00
Philippines (phi)	1.03	1.06	1.10
Thailand (tha)	0.98	0.98	0.96
Vanuatu (van)	0.90		
Vietnam (vie)	0.98	0.99	0.97

Figure 8

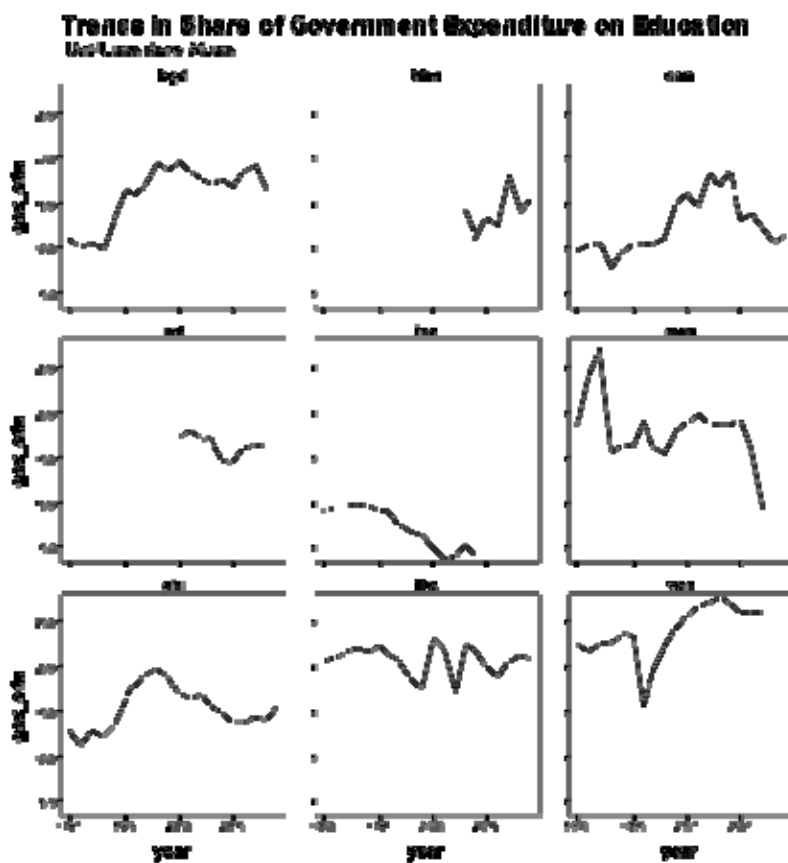


Figure 9

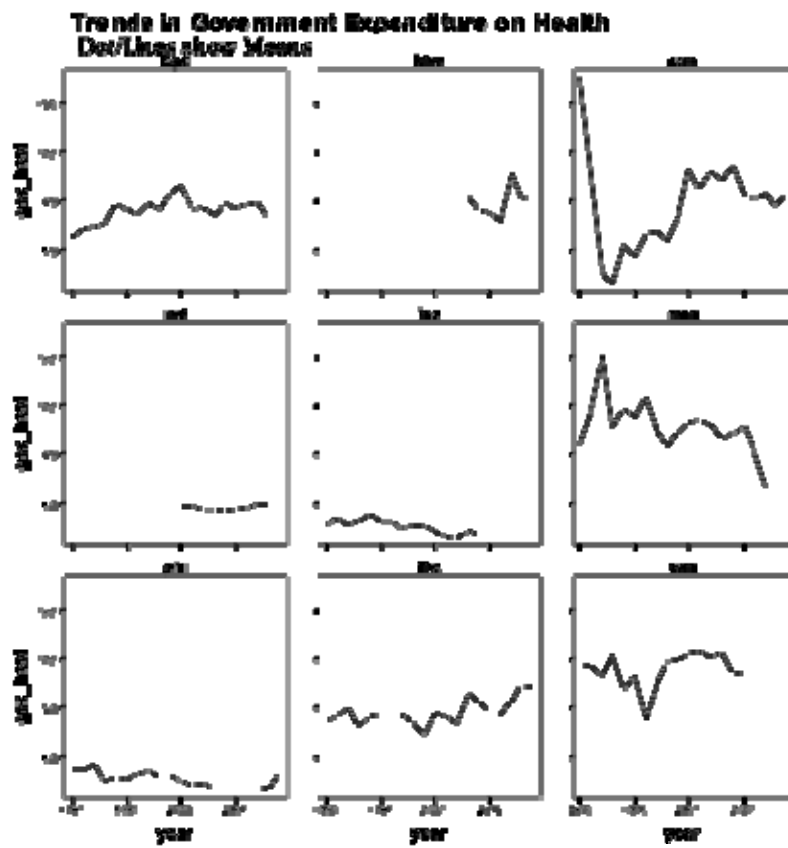


Figure 10
Trends in Government Expenditure (% of GDP), Inflation in Food Prices and Annual Growth in Money Supply (M2)

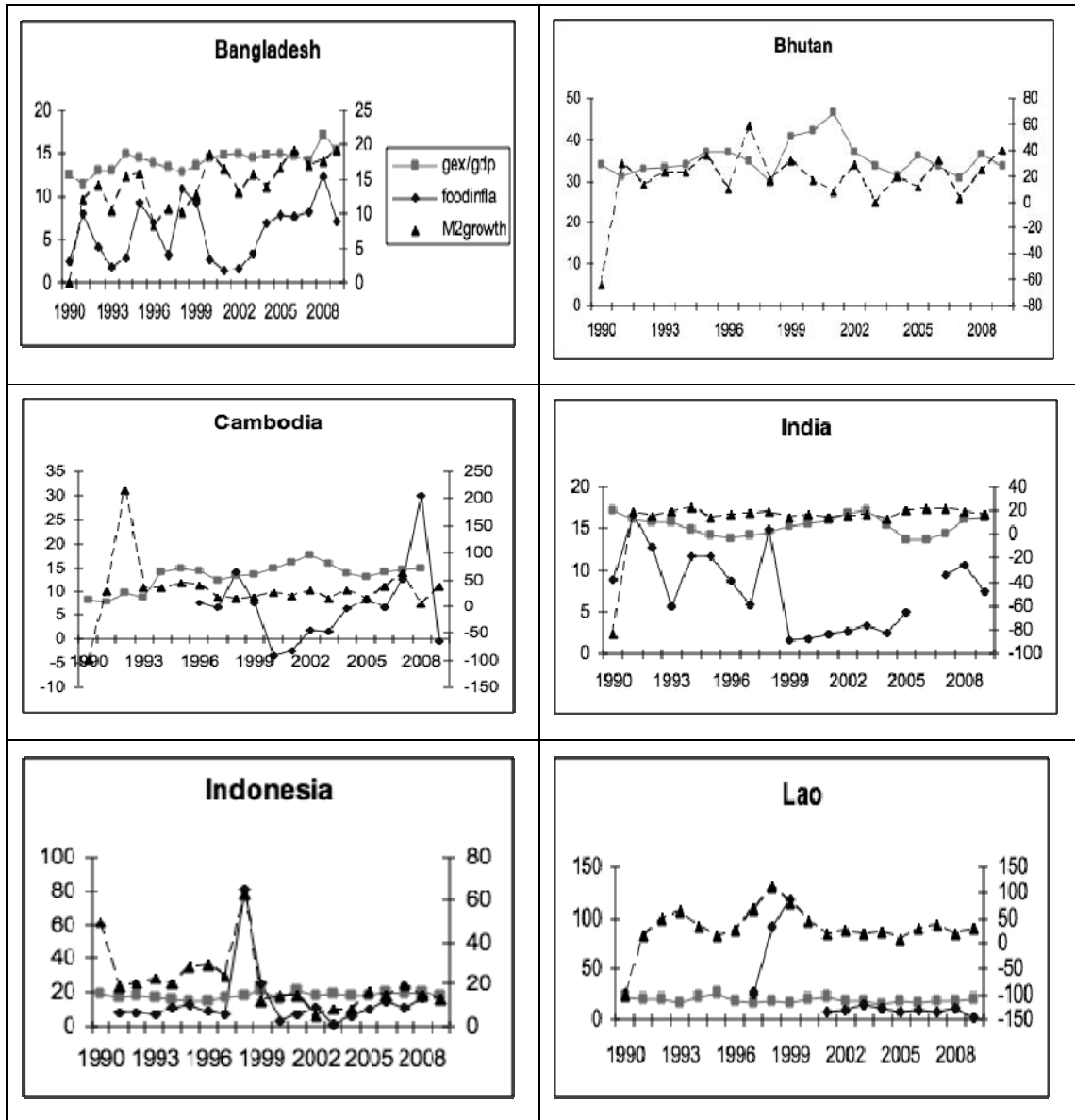


Figure 10 (continued)
Trends in Government Expenditure (% of GDP), Inflation in Food Prices and Annual Growth in Money Supply (M2)

