National development strategies for achieving the MDGs : a comparison of the UN millenium project and world bank approach

Autor(en): **Gore, Charles**

Objekttyp: **Article**

Zeitschrift: **Revue économique et sociale : bulletin de la Société d'Etudes Economiques et Sociales**

Band (Jahr): **63 (2005)**

Heft 4: **Les politiques de lutte contre la pauvreté à l'orée du XXI siècle**

PDF erstellt am: **22.07.2024**

Persistenter Link: https://doi.org/10.5169/seals-141693

NATIONAL DEVELOPMENT STRATEGIES FOR ACHIEVING THE MDGS: A COMPARISON OF THE UN MILLENIUM PROJECT AND WORLD BANK APPROACH

CHARLES GORE
UNCTAD[1]
charles.gore@unctad.org

> "Le défi est aujourd'hui de travailler à des stratégies suffisamment efficaces et opératoires pour atteindre les objectifs de développement du millénaire". Cet article veut y contribuer au travers d'une évaluation comparative des stratégies de développement nationales pour atteindre ces buts ainsi que ceux du projet d'investissement de l'ONU (UN Millennnium Project Investing in Development) et du rapport de la Banque mondiale (World Bank' Global Monitoring Report 2005).

The Millennium Declaration adopted by the General Assembly of the United Nations in September 2000 states that «*in addition to our separate responsibilities to our individual societies, we have a collective responsibility to uphold the principles of human dignity, equality and equity at the global level*» (United Nations 2000: para 2). This commitment has been translated into practice through the adoption of the Millennium Development Goals (MDGs), a set of 8 goals, 18 quantitative targets and 48 specific indicators which are designed to focus international and national development policy. The first seven of these Goals are concerned with outcomes, identifying the progress towards certain minimum standards of human well-being and decent living which should be achieved globally and nationally by 2015. These include: halving the proportion of people living in extreme poverty (on less than $1/day) and suffering from hunger between 1990 and 2015; achieving universal primary education and eliminating gender disparity at all levels of education by 2015; reducing by two-thirds the under-five mortality rate and by three-quarters the maternal mortality ratio between 1990 and 2015; reversing the spread of HIV/AIDS, malaria and other major diseases by 2015; and halving the proportion of people without access to safe drinking water. The eighth Goal is concerned with relationships, identifying the various aspects of the global partnership for development which must be forged to support the realization of the poverty reduction and human development outcomes.

---

[1] Team leader and principal author of UNCTAD's Least Developed Countries Report and member of the UN Millennium Project's UN Experts Group. The views in this paper are those of the author and do not necessarily reflect those of UNCTAD or the UN Experts Group.

It is possible to criticize the content of the MDGs on various grounds. Firstly, it can be argued that they are not ambitious enough. With globalization, individual expectations are rising all over the world to the standards of living in the rich countries. The poverty line in OECD countries has been estimated (see Pritchett 2003) as $15/day when adjusted for cost of living differences, not $1/day, which is an international standard based on the average national poverty lines of the poorest countries. Secondly, employment targets are generally absent.[2] Thirdly, Goal 8, «Developing a Global Partnership for Development«, is weakly specified. For example, Target 12 under that Goal transforms the Millennium Declaration commitment «*to develop further an open, equitable, rule-based, predictable, non-discriminatory trading and financial system*» by dropping the word «equitable». Fourthly, there are major statistical difficulties in monitoring progress towards the MDGs. These reflect weak statistical capacities in the poorest countries where progress towards the MDGs is highest priority, as well as technical problems of deriving internationally comparable estimates. The measurement of $1/day poverty, in particular, is problematic owing to discrepancies between national-accounts-based and household-survey-based estimates of private consumption, and to differences in purchasing power parity estimates which are used to adjust national poverty estimates to a common cost of living standard (see Karshenas 2004).

Yet despite these problems and weaknesses, the MDGs are immensely important. They are part of the emergence of a global consciousness, in which persons all over the world are seen as living in a single social space. They are also underpinned by a notion of global social justice in which outcomes matter as well as the rules governing relationships between States and persons. It is certainly true that the outcomes which matter are minimalist – a kind of global social floor. But this is an advance on notions of global social justice which ignore outcomes totally – for example, the idea that a «level playing-field» between players with radically different resources and capabilities is a sufficient condition for social justice. Finally, the MDGs form the basis for a new – though shakey – international development consensus. International development cooperation in the 1960s and 1970s was founded on a Keynesian development consensus in which economic development in the South increased the import capacity in developing countries which supported the achievement of full employment in the North. At the beginning of the 1980s inflation replaced full employment as the central objective in the North, and the old international development consensus broke down. The MDGs, stiffened by commentaries which link global poverty to global insecurity and terrorism, provide the basis for a new international development consensus. As the United Nation (UN) Millennium Project Report *Investing in Development* has put it, the MDGs are now «*the fulcrum of international development policy*» and they «*drive a new era in international development*» (UN Millennium Project 2005: 3 and 4).

This paper is founded on the view that whether the MDGs will be achieved or not, and whether their introduction will contribute to making a better world or not, ultimately depends on the national and international policy choices to which they lead. The nature of global partnership for development is vital for the achievement of the MDGs (see Gore 2003a

---

2 The exceptions are (i) that, as part of the global partnership for development, developing countries should work with developed countries to develop and implement strategies of decent and productive work for youth, and (ii) the inclusion of an indicator of the share of women in wage employment in the non-agricultural sector as part of the Goal of promoting gender equality.

for a discussion). But this paper focuses mainly on national strategies and policies. This has become particularly pertinent since the 2005 World Summit amongst Heads of State and Government held in New York just before the 60th session of UN General Assembly. The final outcome text not only reinforces the commitment to achieving the MDGs, but also includes the resolution by each developing country «*to adopt, by 2006, and implement comprehensive national development strategies to achieve the internationally agreed development goals and objectives, including the Millennium Development Goals*» (United Nations, 2005a: 4). The challenge now is to work out effective development strategies for achieving the MDGs.

This paper seeks to contribute to this task by making a comparative assessment of the national development strategies for achieving the MDGs which are put forward within the UN Millennium Project *Investing in Development* and the World Bank' *Global Monitoring Report 2005*.[3] The paper begins by providing an overview of the recommendations of the two Reports. It shows that although there are important similarities between the Reports in the general thrust of their recommendations, in particular with regard to the need for a major scale-up of international financial assistance to the poorest countries, they diverge considerably in the national development strategies which they advocate. The paper identifies the nature and underpinnings of the differences in the strategies and argues that both have important weaknesses. There is a real danger therefore, that scaling-up will be linked to the wrong national policies. At worst poor countries will only be able to gain access to the increased official resources they need to achieve the MDGs on condition that they adopt national policies which will make it impossible to achieve them (see Gore 2004). The paper concludes by specifying the terrain on which it is possible to construct alternative national development strategies which are likely to be more successful in achieving the MDGs.

SIMILARITIES IN THE GENERAL THRUST OF THE REPORTS

In their general form, the UN Millennium Project Report (UNMPR) and Global Monitoring Report (GMR) advocate a similar approach. This has three basic building blocks.

Firstly, developing countries should operationalize the MDGs in their development and poverty reduction strategies. UNMPR advocates «MDG-based poverty reduction strategies», whilst GMR argues that «*country-owned and -led poverty reduction strategies should provide the framework for operationalizing the MDGs at the country level in low-income countries*» (World Bank 2005a: 3), and equivalent national development strategies should perform this role in middle-income countries.

Secondly, rich countries should massively increase official development assistance (ODA), particularly to the poorest countries, in support of these strategies. According to GMR, ODA must at least double by 2010 to support the MDGs «*particularly in low-income countries and Sub-Saharan Africa, with the pace of increase aligned with recipients' absorptive capacity*» (World Bank 2005a: xix). UNMPR advocates an early big push stating that «*global assistance will need to roughly double from $69 billion in 2003 to $135 billion in 2006, rising thereafter to $195 billion by 2015*» (UN Millennium Project 2005: 250).

[3] The World Bank's *Global Monitoring Report 2005* builds on its *Global Monitoring Report 2004* but does not alter the main thrust of its argument.

This increase is not only faster than that advocated by the World Bank, but also requires a significant acceleration in the upward trend of aid which has occurred since the Financing for Development Conference held in Monterrey in 2002. The cost of meeting the MDGs «in all countries with adequate governance» is estimated by UNMPR to be equivalent to 0.44 per cent of OECD countries' GNI in 2006 and 0.54 per cent in 2015 (ibid. 252). But UNMPR argues that as their estimates «*only cover investments that directly contribute to achieving the MDGs*» (p.252), aid flows from rich countries probably would, by 2015, have to approach 0.7 of OECD countries' GNI, a target which has been repeatedly adopted in international fora.

Both UNMPR and GMR recognize that improvements in the quality of aid are necessary as much as increases in the quantity of aid, and in this regard they both emphasize the importance of greater predictability of aid, harmonization and simplification of aid practices and the alignment of donor support behind national strategies. But beyond this – and here is the third basic building block of the Reports – there is the need for complementary international support measures. GMR focuses on the importance of an ambitious multilateral trade liberalization achieved through the Doha Round, which should be complemented with increased «aid for trade» for poor countries. UNMPR similarly argues for a global breakthrough in the trade negotiations as well as increased aid to overcome export supply-side constraints. However it also goes further than GMR in emphasizing the importance of increasing regional and global public goods, in particular regional infrastructure, investment in global science and technology for the MDGs, and working on an international response to climate change. In addition, UNMPR, as part of its advocacy of getting started now, argues for the launching of a global human resources training effort for the MDGs in 2005. Both GMR and UNMPR conspicuously ignore questions of the international financial architecture (beyond official aid) and in particular the impact of financial crises (associated with the volatility of private capital flows and open capital accounts) on MDGs.

THE DEVELOPMENT STRATEGY OF THE UN MILLENNIUM PROJECT REPORT

Although the general thrust of the recommendations of both Reports is the same, there are significant differences in the national development strategies which they advocate. These differences are rooted in differences in the basic diagnosis of the key constraints which are hindering the achievement of the MDGs.

UNMPR identifies four major reasons why MDG progress is below what is needed: (i) governance failures, (ii) country-level poverty traps, which particularly affect the poorest countries and Sub-Saharan Africa, (iii) intra-country poverty traps (persistent pockets of poverty), which are particularly relevant in middle-income countries, and (iv) areas of specific policy neglect, notably with regard to environment and gender issues, which arise from policymakers' ignorance of challenges and opportunities related to these cross-cutting issues. Of these four reasons, it is the existence of country-level poverty traps which underpins the main strategic proposals of the Report. Governance failures also matter, in that scaling-up investment will not work in countries that are not committed to good governance. However, the Report notes that there are two broad sources of bad governance: firstly, ill-intentioned, rapacious leaders who lack the will to govern well; and secondly, a lack of the resources required for efficient public administration despite the best intentions. With this perspective, some governance failures can be seen as an aspect of the lack of resources characteristic of a country-level poverty trap. Significantly, the Report shows that governance in Sub-Saharan Africa is actually «*no worse than elsewhere, after controlling for income*» (p. 147). That is to say, once it is recognized that poorer countries systematically have poor governance than richer countries, the poorer governance indicators in Africa are largely explained by this factor rather than a more rapacious and ill-intentioned, kleptocratic leadership.

The basic strategy advocated by UNMPR stems from its analysis of the nature of the country-level poverty trap. Essentially, the argument is that the poorest countries are too poor to save enough to make the necessary investments to achieve economic growth and that aid is too low to compensate for low domestic savings rates. Private investment, both foreign and domestic, is held back because physical infrastructure and human capital are below a threshold level which will ensure adequate and assured returns. This leads to the central strategic proposal of the Report. «*The key to overcoming the poverty trap is to raise the economy's capital stock – in infrastructure, human capital and public administration – to the point where the downward spiral ends and self-sustaining economic growth takes over. This requires a «big push» of basic investments between now and 2015 in key infrastructure (roads, electricity, ports, water and sanitation, accessible land for affordable housing, environmental management), human capital (nutrition, disease control, education), and public administration. This process will be helped by a voluntary reduction in fertility, which promotes greater investments in the health, nutrition, and education of each child*» (UN Millennium Project 2005: 39).

It is this diagnosis which underpins the call for a fast scaling-up of ODA. But in estimating the magnitude of scale-up, and also the content of MDG-based poverty reduction strategies, the Report goes further. In essence, it argues that «*the Goals create a solid framework for identifying investments that need to be made...By achieving the Goals, poor countries will establish an adequate base of infrastructure and human capital that will enable them to escape from the poverty trap*» (p.39). Escaping the poverty trap thus not only requires increased investment to get the capital stock above the minimum threshold for self-sustained growth. It also requires a specific type of increased investment, namely investment in MDG achievement.

This point is further reinforced if one considers the nature of MDG-based poverty reduction strategies. UNMPR rejects the current approach to designing poverty reduction strategies in which poor countries make their plans behind a veil of ignorance regarding donor intentions and create a «realistic» poverty reduction strategy by assuming the continuation (or slow increase) in past aid levels. Instead it argues that poverty reduction strategies, as three to five year medium term plans, should be embedded in an ambitious, needs-based, goal-oriented investment framework within a ten year time horizon stretching to 2015. The investment framework should be based on an «MDG needs assessment» which would identify specific interventions required to meet the Goals (listed in Appendix 2 of the Report), then work out the costs of the required inputs for the defined interventions and then develop a financing strategy to meet these costs (share borne by households, domestic revenue and external finance). Investment in specific interventions for MDG achievement is thus at the heart of MDG-based poverty reduction strategies.

THE DEVELOPMENT STRATEGY OF THE GLOBAL MONITORING REPORT 2005

GMR has a different diagnosis of the problem of achieving the MDGs. It argues against the view that there are country-level poverty traps. For Sub-Saharan Africa, it states that «*there is little empirical work testing for poverty traps, and much of that which exists does not support the hypothesis*» (World Bank 2005: 28). It suggests that country-level poverty traps based on low domestic savings rates are only relevant in a few of the poorest countries in Africa. By corollary, the case of a «big push» to increase aid is weakened.

There are two major pillars of the GMR approach to achieving the MDGs. The first is to boost and sustain economic growth. This is seen as essential not simply for poverty reduction, but also the achievement of the human development goals which constitute the core of the MDGs. Pointedly, GMR cautions that «*by itself aid does not constitute a growth strategy*» (p. 27). The strategy which it proposes entails «*improving the environment for stronger, private sector-led growth*» (p. 3). This requires macroeconomic stability; better fiscal management to generate additional resources and protect development expenditure, particularly to improve physical infrastructure; removal of excessive regulatory and institutional constraints on the private sector; deepening trade liberalization; and improved governance through upgrading public sector management and combating corruption.

The second pillar of the strategy is the scaling up of human development services. This can be achieved through: (i) rapidly increasing the supply of skilled service providers, (ii) ensuring sustained and predictable financing, particularly of recurrent costs of service provision (such as teachers' salaries) by lowing marginal costs of expanded service delivery and increasing domestic financing for education, health, water and sanitation in countries where fiscal allocations for these sectors are low, and (iii) translating resources into more effective service delivery by improving governance and accountability. Through these measures it is expected that economic growth will be translated into human development.[4]

AN ASSESSMENT OF THE DEVELOPMENT STRATEGIES

Both of these development strategies have some positive elements. But neither is likely to provide the right basis for achieving the MDGs.

The current World Bank approach reflects the evolution in World Bank thinking on economic reforms given the failure of Washington Consensus policies to match expectations. Disappointing results have not generally been attributed to the appropriateness of the policy model focusing on stabilization, liberalization and privatization, but rather to weak implementation (owing to lack of country-ownership) and to the neglect of social dimensions and to institutional weaknesses. This diagnosis has led to a second-generation of economic reforms. These emphasize institutional issues of governance, corruption and the investment climate, as well as more emphasis on social outcomes and the efficient delivery of social services. But the new policy package is like an onion in which the core remains the same and these new outer layers are added. To the extent that the core is flawed, the whole package will still not work as expected.

The weakness of the approach is most apparent in the poorest countries. Evidence from

---

[4] The two pillars of the World Bank approach are elaborated in detail in two recent *World Development Reports* (World Bank 2003 and 2004).

UNCTAD's *Least Developed Countries Report 2004* shows that most of the Poverty Reduction Strategy Papers (PRSPs) which have elaborated in the least developed countries (LDCs) since 2002 approximate to the World Bank approach. They have four common pillars namely: (i) to ensue strong and sustainable economic growth, (ii) to develop human resources, (iii) to improve the living conditions of the poor and vulnerable (through social protection, micro-finance and food security) and (iv) to improve governance. The implicit development strategy is «export-led growth with a human face», in which government seeks to promote exports through trade liberalization and behind-the-border measures to release export-supply constraints, and the donor community increasingly channels aid into social services and social infrastructure.

It is easy to see how such PRSPs could be refined to become an operational framework for MDG achievement. But past experience with the economic policies at the heart of the approach suggests that these strategies will not deliver economic growth which is sustainable and inclusive enough for MDG achievement (see UNCTAD 2000: 101-134; UNCTAD 2002: 173-177). For those LDCs with a narrow commodity specialization focused on slow-growing international markets and little national value-added, it is difficult to achieve the export growth rates required to ensure rising GNP per capita. For other LDCs, which have diversified into manufacturing or tourism services, the problem is that export-led growth is enclave-led growth. That is to say, export growth has generally been focused on particular localities (say export-processing zones) with few linkages to the rest of the economy, and in particular, to the agricultural sector where most people earn their livelihoods. In both these cases, rising exports have generally been associated with stagnant or declining private consumption per capita (see UNCTAD 2004, part II, chapter 3: annex chart 1).

The LDCs include the most difficult cases for applying the World Bank approach. However, the problem with the approach is not LDC-specific. Indeed another World Bank report published in 2005, *Economic Growth in the 1990s: Learning from a Decade of Reform*, has frankly pinpointed the fundamental flaw in its own policy model:

> «*The policy focus of the 1990s enabled better use of productive capacity but did not provide sufficient incentives for expanding that capacity. While this emphasis on efficiency was warranted at a time of extremely large distortions and waste, it also explains the frequent instances of stabilization without growth or liberalization without growth...The «one-size-fits-all» policy reform approach to economic growth and the belief in «best practices» exaggerated the gains from improved resource allocation and their dynamic repercussions, and proved to be both theoretically incomplete and contradicted by the evidence. Expectations that gains in growth would be won entirely through policy improvements were unrealistic. Means were often mistaken for goals – that is, improvements in policies were mistaken for growth strategies, as if the improvements in policies were an end in themselves*» (World Bank 2005b: 10-11).

It may be that this report signals a further shift in World Bank thinking. But for the moment the important insight quoted above is not reflected in its approach to the MDGs within GMR.

Whilst one cannot be confident with the strategy in GMR, the strategy set out in UNMPR also has important weaknesses, in particular: (i) its treatment of economic growth; (ii) its description of the nature of the country-level poverty trap; and (iii) the relative importance of country-level and intra-country poverty traps as constraints on MDG achievement.
The central assumption of UNMPR is that public investment *in the MDGs* will support accelerated economic growth and enable poor countries to escape the poverty trap and eventually achieve self-sustained economic growth. As already noted, what constitutes «MDG-based investments» is quite widely defined in the general text of the Report to include investments which both directly and indirectly support the achievement of the MDGs. From this perspective the Report identifies seven broad investment clusters: rural development based on increasing food productivity of smallholders and improved rural infrastructure and services; urban industrial development; improved health; improved education at all levels; overcoming gender bias; improved environmental management; and building national capacities in science, technology and innovation (UN Millennium Project 2005: 64). However, in practice, the methodology of the MDG needs assessment, which underpins the MDG-based poverty reduction strategies, is most easily applied to interventions directly required for specific human development goals concerning health, education, water and sanitation, hunger and housing, and to the indirect physical infrastructure requirements related to these goals. It is much more difficult to do the costing exercise for promoting urban industrial development and science, technology and innovation, and these are not included in the calculations. Similarly, whilst the costs of interventions to increase farm productivity are included, those to increase agrarian commercialization are not (see UN Millennium Project 2005: appendix 1). Thus, although the general text of the Report provides a wide view of MDG-based investments, in the details of policy formulation it is investment in the human development goals, together with physical infrastructure investments related to these goals, which are expected to provide the foundation for economic growth.
In the national MDG needs assessments undertaken as illustrations of the approach, this assumption becomes even clearer. Specifying the financing strategies for achieving the Goals requires a projection of the rate of economic growth which will be achieved and therefore the potential for domestic resource mobilization and the financing gap which must be filled by external funds. To make this projection, the national needs assessments assume that investment at levels sufficient to meet the human development MDGs by 2015 will enable achievement of GDP per capita growth rates at levels sufficient to reduce the headcount $1/day poverty rate by half by 2015 (see Sachs et al. 2004; and UN Millennium Project 2004:124). This methodology which, ignoring inequality, also assumes that countries have the same elasticity of poverty reduction with respect to income growth, may be modified in future.[5] But in effect it implies that investment in human development MDGs is not only necessary but also sufficient to achieve the growth rates required for achievement of the poverty reduction MDG. As O'Connell (2004) has put it, in comments on Sachs et al. (2004), a paper which lays out some of the key arguments of UNMPR with a focus on Africa, the logic of the argument is that investment in MDGs is not simply good in itself but that there

---

5 The Millennium Project website announces the future availability of «*Preparing MDG-based Poverty Reduction Strategies: A Handbook*».

is also «*an ex post motivation of the MDGs as take-off thresholds in a big push development strategy*» (p.224).
It is possible that the Report has got it right and that direct investment in the MDGs and related infrastructure will accelerate economic growth and enable countries to escape the poverty trap. But in practice there is little research on the links between investment in human development and economic growth. An important exception is the work of Gustav Ranis and colleagues (see Ranis, Stewart and Ramires, 2000; Ranis 2004), in which there is some empirical evidence to support the idea that a certain level of human development achievement is a necessary condition for sustained economic growth. However, this does not imply that the agreed Goals are those aspects of human development which are critical for this relationship. Moreover, there are other preconditions for sustained economic growth. According to the MDG Needs Assessment methodology, 25 to 30 per cent of the increased investment to reach the MDGs will be spent on imports (UN Millennium Project 2004: 128). The rapid scale-up of investment thus implies a rapid scale-up of imports. This can, of course, be paid for if aid is in the form of grants. However, without discussion of the balance of payments implications of the scaling-up of investment, the sustainability of economic growth is questionable.
The second weakness of UNMPR is its description of the nature of the country-level poverty trap. Contrary to the World Bank's argument, such poverty traps certainly exist. However, contrary to the description of the poverty trap in UNMPR, international economic and financial relationships are an integral part of the poverty trap in the sense that these relationships reinforce, rather than act to break, the domestic vicious circles which cause mass poverty to persist in very poor countries (see UNCTAD 2002: part II, chapter 2, 3 and 4; and Gore 2003b). These international relationships, which reinforce and are reinforced by global income inequality, are particularly apparent in poor commodity-dependent economies. They are adversely affected by a negative complex of slow export growth and terms of trade shocks, the build-up of unsustainable external debt and aid ineffectiveness associated with the operation of an aid/debt service system. This diagnosis has important implications for international policy in that aid is seen as part of the problem as well as part of the solution, and the failure to tackle the issues of long-term secular decline and high volatility of commodity prices emerges as the major blind-spot in the global partnership for development. But from the perspective of national policy, it suggests that national development strategy should not only address the level of a country's integration with the global economy («openness») but also the form of its integration.
The final weakness of the UNMPR is the relative importance which it gives to country-level poverty traps and intra-country poverty traps in the analysis. The latter are particularly relevant in fast-growing large low-income countries (notably China and India), and slow-growing countries with large and persistent inequality (notably Latin America). But the focus of the analysis is on the country-level traps. UNCTAD work on least developed countries suggests that it is in fact right to concentrate on the problems of country-level poverty traps in relation to the goal of reducing extreme poverty (see UNCTAD 2002: part II, chapter 1). However, the achievement of the other Millennium human development goals requires a more intensive analysis of the other two policy situations. For these two policy situations, inequality becomes a critical variable affecting MDG outcomes. The effects of

inequality are conspicuously absent from both GMR and UNMPR, though this issue has now been taken up by the latest World Development Report (World Bank 2005), the latest *Human Development Report* (UNDP 2005) and the latest United Nations *Report on the World Social Situation* (United Nations 2005b).

CONCLUSIONS

This paper has identified three major sources of difference in the national development strategies proposed in the UN Millennium Project Report *Investing in Development* and the World Bank's *Global Monitoring Report 2005*. These are the way in which the Reports conceptualize and analyze: firstly, the direction of the relationship between economic growth and human development; secondly, the relevance and nature of country-level poverty traps; and thirdly, the importance of inequality to MDG achievement.

In short:

> UNMPR is based on the view that a certain level of human development is necessary to initiate sustainable economic growth, whilst the GMR gives priority to economic growth and then seeks to ensure that such growth is translated into human development.
> UNMPR argues that the poorest countries are stuck in a poverty trap, a fact which requires a big push of external resources and public investment, whilst GMR rejects the notion of the country-level trap arguing that economic growth is held back by an inappropriate investment climate, including physical infrastructure but most importantly poor policies and institutions which discourage the private sector.
> Both UNMPR and GMR fail to deal in depth with the effects of intra-country inequality on MDG achievement, though this factor, ignored in GMR, is given a marginal position is UNMPR through its concepts of persistent «pockets of poverty» (i.e. intra-country poverty traps).

The paper argues that neither of these proposals offers the best development strategy for achieving the MDGs. The GMR is right to place economic growth at the heart of the process of MDG achievement. However, the policies which it advocates are not a convincing basis for sustained and inclusive growth, particularly in the poorest countries which require policies which enable them to escape country-level poverty traps. UNMPR is right to emphasize the importance of country-level poverty traps. But its description of the nature of the poverty trap does not pay attention to the way in which international trade and financial relationships, including the aid system, are implicated as part of the trap. Finally, it is necessary to take account of the effects of intra-country inequality in development strategies to achieve the MDGs. This is less important for the $1/day poverty goal in the poorest countries than in the middle-income countries and fast growing, large low-income countries. But it is relevant in all cases for human development goals.
The two Reports offer much constructive food-for-thought on what can constitute an effective national development strategy for achieving the MDGs. A synthesis approach would suggest that what is required is a better balance between policies which directly support eco-

nomic growth and those which directly support human development than in UNMPR, and a more activist approach to promoting private investment, innovation, structural change and economic growth than in GMR. However, it is important now to go beyond each set of proposals. The most promising starting-point for elaborating alternative strategies is an understanding that substantial and sustained poverty reduction and human development occurs through the development and utilization of productive capacity in a way in which the population of working age becomes more fully and productively employed. This implies that questions related to the expansion of productive capacity and employment must be at the heart of strategies to achieve the MDGs.

This conclusion merely identifies a terrain for thinking about alternative national development strategies. On this terrain, different development strategies can be specified by national authorities according to their different country contexts, taking account of such factors as resource endowment, geographic location, and size. The degree and pattern of intra-country inequality should also be included as one of these factors, and must be taken into account in order to ensure that the development process is inclusive. This approach is much messier and inconclusive than «a practical plan for achieving the MDGs», and it is unable to provide a clear, simple and strong message on which a political consensus for a rapid scale-up of aid can be based. However, in the end it is likely to provide a surer foundation for MDG achievement.

The great danger of the MDGs is that they will be interpreted too literally, for example by thinking that the goal of universal primary education can be achieved through action in the primary education sector alone. If this happens they will be counter-productive, distorting resource allocation priorities and aid flows. This paper has argued for a production- and employment-based approach to MDG achievement. In this approach what constitutes an «MDG-based» development strategy, «MDG-based» investment. or «MDG-based» aid is broadly rather than narrowly defined to include various basic development processes which directly and indirectly contribute to Goal achievement. Embedding the MDGs within such a broad development framework is the best way to ensure their achievement, as well as the best way to create a sound foundation to move beyond that important beginning in the implementation of the principles of human dignity, equality and equity at the global level.

REFERENCES BIBLIOGRAPHIQUES

C.G. Gore, «Development Partnerships for Escaping the Global Poverty Trap», *Development Policy Journal*, nr.3, 2003a, pp. 107-126.

C.G. Gore, «La Piège de la Pauvreté en Afrique: Interactions Nationales et Internationales», *Marché Tropicaux*, nr. 3000, 2003b, pp. 985-988.

C.G. Gore, «MDGs and PRSPs: Are Poor Countries Enmeshed in a Global-Local Double Bind? », *Global Social Policy*, 4 (3), 2004, pp. 277-283.

O'Connell, «Brookings Papers on Economic Activity», *Comments and Discussion*, 1, 2004, pp. 217-240.

M. Karshenas, «Global Poverty Estimates and the Millennium Goals: Towards a Unified Framework», ILO *Employment Strategy Paper* (new series), 2004/5.

G. Ranis, «Human Development and Economic Growth», *Centre Discussion Paper* No.887, 2004, Economic Growth Centre, Yale University.

G. Ranis, F. Stewart and A. Ramires, «Economic Growth and Human Development», *World Development*, 28 (2), 2000, pp. 197-219.

J. Sachs, et al., «Ending Africa's Poverty Trap», *Brookings Papers on Economic Activity*, 1, 2004, pp. 117-216.

UNCTAD, *The Least Developed Countries Report 2000: Aid, Private Capital Flows and External Debt: the Challenge of Financing Development in the LDCs*, Geneva, United Nations, 2000.

UNCTAD, *The Least Developed Countries Report 2002: Escaping the Poverty Trap*, Geneva, United Nations, 2002.

UNCTAD, *The Least Developed Countries Report 2004: Linking International Trade with Poverty Reduction*, Geneva: United Nations, 2004.

UNDP, *Human Development Report 2005: International Cooperation at a Crossroads: Aid, Trade and Security in an Unequal World*, New Work, UNDP, 2005.

United Nations, *The Millennium Declaration*, New York, United Nations, 2000.

United Nations, *2005 World Summit Outcome*, New York, United Nations, 2005a.

United Nations, *The Inequality Predicament: Report on the World Social Situation 2005*. New York: United Nations Department of Economic and Social Affairs, 2005b.

United Nations Millennium Project, *Investing in Development: A Practical Plan to Achieve the Millennium Development Goals*. New York, UNDP, 2005.

United Nations Millennium Project, *Millennium Development Goals Needs Assessments for Ghana, Tanzania and Uganda*, 2004 (available at http://www.unimillenniumproject.org/policy/needs01.html

World Bank, *World Development Report 2004: Making Services Work for the Poor*, Washington D.C., World Bank, 2003.

World Bank, *Global Monitoring Report 2004*, Washington D.C.: World Bank, 2004a.

World Bank, *World Development Report 2005: A Better Investment Climate for All*, Washington D.C.: World Bank, 2004b.

World Bank, *Global Monitoring Report 2005*, Washington D.C., World Bank, 2005a.

World Bank, *Economic Growth in the 1990s: Learning from a Decade of Reform*, Washington D.C., World Bank, 2005b.

World Bank, *World Development Report 2006: Equity and Development*, Washington D.C., World Bank, 2005c.