Chapter V

Governance, institutions, peace and stability for achieving development goals

Summary

• Good governance and effective institutions are critical enablers of both peace and stability and sustainable development.

• While governance practices vary widely across countries and are shaped by each country’s political, social and economic contexts, respect for fundamental human rights and the rule of law underpins good governance everywhere.

• Accountable political leadership, effective policy coordination, decentralization, partnerships at national and subnational levels and robust monitoring and evaluation systems can play a critical role in fostering development outcomes.

• Economic, social and environmental stresses are often among the root causes of violence and conflict, along with discrimination and human rights violations, external invasions, and international terrorism and criminal networks.

• National efforts and international support for forming sufficiently inclusive political coalitions, restoring confidence in governance and institutions, creating economic opportunities and empowering women can help build a virtuous cycle of peace and stability and sustainable development.
Introduction

The present chapter analyses the role of governance, institutions, and peace and stability in promoting achievement of the Millennium Development Goals (MDGs) and draws lessons for the achievement of the sustainable development goals (SDGs) in the post-2015 era.

The United Nations Millennium Declaration\(^1\) reaffirmed global leaders’ commitment to promoting peace and security, development and human rights. In the course of implementing the MDGs, the international community has further realized the importance of the intrinsic links among these three pillars. For example, five years after the launch of the MDGs, the report of the Secretary-General to the General Assembly at its fifty-ninth session, entitled “In larger freedom: towards development, security and human rights for all” (United Nations, General Assembly, 2005), made it clear that “(not) only are development, security and human rights all imperative; they also reinforce each other” (para. 16). The report pointed out that, while poverty and denial of human rights may not be said to cause civil wars, terrorism or organized crimes, they all greatly increase the risk of instability and violence. Similarly, while war and atrocities are far from the only reasons why countries are trapped in poverty, they undoubtedly set back development. Other conditions being the same, countries that are well governed and respect the human rights of their citizens are better placed to avoid the horrors of conflict and achieve inclusive growth and sustainable development.

The Millennium Declaration also recognized that success in meeting development goals depends, inter alia, on good governance within each country (see Section V of the Millennium Declaration on “Human Rights, Democracy and Good Governance” United Nations General Assembly A/res/55/2). Governance, which is broadly defined as the exercise of economic, political and administrative authority to manage a country’s affairs at all levels, comprises the mechanisms, processes and institutions through which citizens and groups articulate their interests, exercise their legal rights, meet their obligations and mediate their differences (United Nations Development Programme, 1997b). Specific forms of governance practices vary widely across countries and are shaped by each country’s political, social and economic contexts, but good governance in general comprises the rule of law, effective institutions, transparency and accountability in the management of public affairs, respect for human rights, and the participation of all citizens in the decisions that affect their lives (United Nations, General Assembly, 2000). Good governance also requires effective political leadership which promotes a strategic vision and broad consensus on policies and procedures needed to foster peace, stability and development.\(^2\)

\(^1\) General Assembly resolution 55/2.
\(^2\) UN Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and the Small Island Developing States, and United Nations Development Programme, 2006.
Although MDGs mainly embodied goals and targets in the area of human development, the MDG experience underscores the importance of governance, institutions, and peace and stability\(^3\) for the achievement of the Goals.

The global process towards formulation of the United Nations post-2015 development agenda has shown greater recognition of the interdependence among development, peace and stability, and human rights. A consensus has been reached that the post-2015 development agenda should be firmly anchored in human rights and universally accepted values and principles (United Nations, General Assembly, 2013a). In this regard, the Open Working Group of the General Assembly on Sustainable Development Goals has proposed the following goal (No. 16): “(p)romote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels”.

Against this backdrop, chapter V reviews the MDG experience regarding the role of governance, institutions, and peace and stability in order to draw lessons for the post-2015 period. It is organized as follows. The following section discusses the critical role of good governance and effective institutions, including such issues as leadership and strategic vision, for development; policy coordination at the national level; local governments and decentralized delivery of services; partnerships with non-government actors; and accountability, monitoring and evaluation.

The third section examines the relationship between peace and stability and development, including the trends in peace and stability during the MDG period; the impact of conflict on progress towards development goals; development stresses as a factor heightening the risks of conflict; and the need to build a virtuous cycle of peace and development.

The chapter concludes with a summary of key lessons and discusses their implications for implementation of the post-2015 development agenda and achievement of the SDGs.

### The role of good governance and effective institutions

While it is widely acknowledged that good governance is an important determinant of development, disagreement persists regarding the channels through which governance transmits its effects on economic growth and development. Some have argued for market-enhancing governance, focusing on governance capabilities that reduce transaction costs and enable markets to work more efficiently (see, e.g., North, 1990; Krueger, 1990; and Knack

\(^3\) The phrase of “peace and stability” was adopted during the recent United Nations intergovernmental process directed towards the formulation of the post-2015 development agenda to replace the traditional phrase “peace and security” when a discussion is held in the context of development issues. That “peace and security” refers to the international situation, while “peace and stability” applies mainly to the national situation, is the basis for the fine distinction made between these terms.
and Keefer, 1997). They have accordingly called for correcting “government failures” in protecting property rights and improving market access to stimulate economic growth. Others have stressed the role of growth-enhancing governance in overcoming entrenched market failures in respect of allocating resources, facilitating technological transfers and maintaining the political stability needed to facilitate rapid social transformation (e.g., Aoki, Kim and Okuno-Fujiwara, eds., 1997; and Khan, 2007). These opposing views on governance reforms are nonetheless similar in equating economic growth with development while ignoring the trade-offs between economic efficiency and equity. However, the experience of many developing countries shows that market or growth enhancing governance reforms have been largely inadequate in terms of reducing poverty and promoting human development. Given that some governance reforms had not necessarily improved the delivery of basic public services to promote human development in many countries, implementation of the MDGs required development-enhancing governance reforms geared towards promoting equity and a rights-based approach to development and improving access to, and the quality of, public services.

Further, views differ not only on the role of governance but also on how to measure its quality (see box V.1).

While taking into account the different the views of governance (namely, market-enhancing, growth-enhancing, and development-enhancing), the following subsections will focus specifically on several practical aspects of good governance and institutions—the role of leadership, policy coordination, decentralization, partnerships, and monitoring and evaluation—which have proved to be the most critical for achieving development goals.

**Accountable leadership and the strategic vision for development**

Transformational and accountable political leadership, which is responsive to the needs and aspirations of its citizens, is possibly one of the most critical determinants of good governance. Responsive and responsible leadership can foster good governance, build capable institutions, enhance accountability and transparency and deliver peace and stability and development, as has been seen in many regions of the world. The strategic vision of the leader, translated into national plans and development strategies, can help mobilize resources and partnerships among all actors—political leaders, public administration, non-governmental actors and the private sector. Successful leadership can not only broaden voice, participation and accountability and defuse discontent and promote social cohesion, but also ensure policy coherence and coordination and the full alignment of actions at all levels of government so as to enable the pursuit of broader development objectives.

There is compelling evidence that developing countries where effective political leadership and national ownership enabled the government to set policy priorities and contextualize MDGs within national planning and financing frameworks, did better in
achieving MDGs (Go and Quijada, 2011). There is also evidence that strong and unequivocal commitment from top leadership regarding MDGs enabled the delivery of successful outcomes even with limited resources.

For example, in 2003, the new political leadership in Brazil identified combating hunger and poverty as the most critical development priority. Since about one quarter of Brazil’s 170 million people were living below the national poverty line at that time, any chance of success for such an enormous development challenge would require decisive leadership and significant financial resources. The Extraordinary Ministry for Food Security and Fight against Hunger (MESA) within the office of the President was created as part of this programme and budget allocations to the Extraordinary Ministry were second only to those to the ministries of health and education. Despite this increased level of funding, further resources were required to eliminate hunger. The Fund for Combating Poverty was established to mobilize resources from private sources. Civil society organizations (CSOs) (including churches) were mobilized to serve town residents, especially children, by operating community kitchens or volunteering foodstuffs and labour, while the government contributed funding. These efforts were complemented with a monthly income transfer to poor families, under the auspices of Bolsa Familia (see chap. III for more details). The strong commitment of the political leadership not only reduced hunger significantly but also contributed to other MDG achievements (e.g., improving school attendance rates).

Similarly, the strong economic performance in China during the past 30 years not only reduced poverty in that country but also contributed to the global achievement of MDG 1, as China alone reduced poverty, by about 600 million, over that period. A major impetus for this success was a series of reforms initiated by the political leadership in the late 1970s and early 1980s. “Reform and opening”, initiated in 1978, dismantled the communes and introduced the household responsibility system, which led to massive increases in agricultural output. This was also supported by reforms in village governance, farm output prices and input availabilities (Ravallion, 2009). China’s leadership not only took measures to develop closer relations with major developed countries and gradually strengthened trade ties through the “open door” policies of the early 1980s, but also ensured that reforms were well designed and included follow-through (Du, 2006). China’s relatively well-developed public administration and strong State capacities further ensured the successful implementation of those reforms.

In Rwanda, the political leadership at the highest level has voiced support for women’s empowerment and mainstreamed women into leadership positions since 1994 (Debusscher and Ansoms, 2013). The leadership prompted efforts at all levels of government to contribute to promoting gender equality and empowering women (MDG 3). Not only has Rwanda achieved gender parity in literacy and enrolment rates at the primary level, but the number of women in politics and decision-making positions has sharply increased over the last decades. In 1998, the newly created Ministry of Gender and Family Promotion conducted elections for positions on women’s councils, which represented an important step towards boosting representation, including of women in parliament. Efforts also included a constitutional requirement that at least 30 per cent of decision-making posts be occupied by
women. Women currently hold almost 64 per cent of the seats in Rwanda’s parliament, which constitutes the highest proportion of women lawmakers in a parliament in the world. Since 2003, about two thirds of cabinet members have also been women. These remarkable achievements in advancing gender equality in Rwanda can be attributed to strong and committed leadership, policy and strategic measures rather than to the availability of financial resources.

**Policy coordination and coherence at the national level**

Effective coordination and coherence of policies are critical for promoting good governance and ensuring successful implementation of development projects and programmes. Policy coordination generally entails an interactive process of communication and decision-making among various agencies to effect alignment of actions and resources towards the realization of a common goal, while policy coherence requires “the systematic promotion of mutually reinforcing policies across government departments and agencies creating synergies towards achieving the defined objective” (Organization for Economic Cooperation and Development, 2001, box 13). While the terms “policy coordination” and “policy coherence” are often used interchangeably, the latter constitutes a broader concept and requires a more systematic focus on both policies and processes. Two or more policies are considered coordinated if their objectives, procedures and instruments are linked and if they share common implementers based on formal or informal relationships. As the MDGs involved many sectors and many government agencies, their implementation required extensive coordination of policies, programmes and resources. The MDG experience underscores the need for coordination at various levels, particularly between (a) political leadership and public administration, (b) national and local governments, to improve efficiency in service delivery and (c) civil society organizations, non-governmental organizations and private sector entities, to enhance voice and participation, mobilize more human and financial resources and improve accountability and transparency.

Coordination between sectoral ministries, on the one hand, and planning and financing authorities, on the other, has often been a formidable challenge for many developing countries. A number of countries adopted national development strategies and poverty reduction strategy papers (PRSPs) to ensure a certain degree of policy coherence in pursuing their development goals. The translation of national development strategies and plans into public expenditure programmes within a coherent multi-year macroeconomic and fiscal framework, in particular, has required effective coordination, not least because public financial management is in and of itself highly challenging. As discussed in chapter II, a number of countries have introduced the medium-term expenditure frameworks (MTEFs) to improve fiscal performance and to enhance coherence between budget and development

---

4 The present section draws extensively from Sánchez, Julca and Winkel (2015b), which provides more detailed examples and analysis.
outputs and outcomes, including the MDGs. While these frameworks generally improved allocative efficiency, which ensured greater alignment between allocation and expenditures and reduced volatility in sectoral allocation of budgets, they did not necessarily increase coherence and reduce duplication. Weak public financial management systems—lacking effective internal financial controls and external and independent oversight from legislative bodies and supreme audit institutions—continue to pose a governance challenge which undermines national development efforts.

Absent an indicator for measuring policy coordination, this section takes the approach of reviewing a few examples of effective coordination at the national level which facilitated MDG implementation. While strong leadership played an important role, the success of Brazil’s Bolsa Familia programme can also be attributed to effective coordination between the national government and municipal authorities. The Ministry of Social Development signed formal joint management agreements with each municipality to clarify responsibilities and to establish minimum standards for implementation and provided performance-based financial incentives to the municipal authorities to enhance effectiveness.

National-level coordination has been particularly important for accelerating progress on MDG 6 in many countries of sub-Saharan Africa. The United Republic of Tanzania, for example, took significant steps to integrate and coordinate programmes across different levels of government through the national multisector strategic framework for HIV/AIDS. At the parliamentary level, for example, there is collaboration between the parliamentary standing committee responsible for dealing with HIV/AIDS and drug abuse and other sector-specific committees which oversee and govern strategies that have impact on the strategic framework, such as those for finance and economic affairs, industry and trade, health and social welfare, community development, gender and children, and agriculture. In support of the Cabinet, the Interministerial Technical Committee oversees and governs all ministries, departments and agencies so as to ensure proper collaborative efforts across all types of projects, not just those related to HIV/AIDS.

Similarly, Bangladesh has been on track in meeting the targets for reducing infant mortality and improving maternal health (United Nations Development Programme, 2014b) through implementation of a national health policy and strengthened coordination among the Planning Commission, the Ministry of Health and Family Welfare and the Ministry of Women and Children’s Affairs.

While effective coordination at the national level contributed to progress on MDGs, the lack of coherence between national and international development policies often undermined development efforts and outcomes. The Organization for Economic Cooperation and Development (OECD) has called for greater policy coherence on development at five complementary levels. This encompasses coherence: (a) between global goals and national contexts; (b) among international agenda and processes, including MDGs, the United Nations Conference on Sustainable Development, SDGs, the climate change agenda and G20; (c)

coherence among economic, social and environmental policies; (d) among different sources of finance, private, public, domestic and international, among others; and (e) among diverse actions of multiple actors and stakeholders. A more effective global partnership (discussed in chap. VI) is necessary not only for MDGs and development but also for promoting good governance at national levels.

The efforts to achieve policy coordination and coherence are also constrained by the capacities of public administration, in terms of both their quantity and their quality, particularly with respect to delivering health and education services. In Indonesia, an insufficient number of adequately trained public servants, i.e., teachers, doctors and nurses, often resulted in overcrowding of classrooms and health facilities and poor quality and inequity in the delivery of public services, particularly in rural or remote areas. Lack of technical capability of the available personnel is a serious constraint which has impeded the realization of the MDGs, particularly in sub-Saharan Africa (Ogujiuba and Jumare, 2012). The shortages with respect to delivering public services stems from several factors, among which weak human and institutional capacity plays a critical role, particularly in terms of formulating and executing investment projects. Furthermore, service delivery is also affected by low implementation of the development budgets in many developing countries whose Governments do not manage to disburse all budgeted expenditures. There is also strong evidence, from a study covering 118 countries, that countries with small populations, particularly the small island developing States in the Pacific, face severe and permanent challenges as regards acquiring an adequate range and depth of technical skills needed to fulfil all functions associated with public financial management (Haque, Knight and Jayasuriya, 2012). Poor pay and poor compensation, and the associated prevalence of corruption in public service, also affect MDG-related service delivery, a subject that is discussed further below.

Notwithstanding challenges in policy coordination, many developing countries have taken advantage of information and communications technologies (ICT) to improve the delivery of basic public services, particularly in the areas of public utilities and social protection. Public sector innovations in e-government, i.e., digital interactions between Governments and people, are contributing to making public administration more efficient, accountable and transparent. E-government platforms are also facilitating inter-agency coordination of policies and programmes. During the MDG reference period, e-government also contributed to the promotion of social inclusion, through improving access to information about government services and employment opportunities and facilitating delivery of public services. Hence, even if, according to the United Nations E-Government Survey 2014 (United Nations, 2014d, p. 77, sect. 4.3), “(s)everal governments across the world are adopting whole-of-government or collaborative approaches through the promotion of horizontal and/or vertical initiatives, greatly aided by modern technologies”, more widespread use of e-government collaborative platforms will remain an important strategy in future for many developing countries for delivering quality services in health, education and social protection.
Local governments and decentralized delivery of services

Decentralization is often considered a critical element of good governance and development. It is argued that if a government is in close proximity to the population that it serves, then it will likely enjoy more acceptance and legitimacy. Compared with a centralized system of governance, a local government is likely to be more efficient and equitable in delivering basic services and more accountable to the people. Decentralization can involve three inter-related processes: de-concentration, where a central authority transfers responsibilities for certain service deliveries without delegating authority; delegation, where local governments have both the responsibility and the authority to deliver services but remain accountable to the central government; and devolution, where central government transfers responsibility, authority, financing and full decision-making power to a local government. These processes can, in turn, lead to political, administrative or fiscal decentralization (White, 2011).

During the past three decades, a majority of countries adopted some form of decentralization, leading to establishment of one or more tiers in local governments, to make their governance structures more legitimate, efficient and accountable. A World Bank study (Ivanya and Shah, 2012) of 182 countries found that 26 per cent of those countries had one tier of local government and 46 per cent had two tiers, while 23 per cent and 6 per cent had three and four tiers, respectively.

Decentralization has proved necessary both to engage communities and to enable more transparent governance for MDG implementation. In Bangladesh, strengthened local governance, involving elections at the sub-district level in some cases, has begun to change the nature of the relationship between citizens and governments, creating in the process a more enabling environment for MDG implementation at the local level. In Indonesia, directly elected district officials have become more responsive to local needs, at least in the health sector (Skoufias and others, 2014).

Case studies on the abolition of school fees in Ethiopia, Ghana, Kenya, Malawi and Mozambique (see chap. III) have found that decentralization of decision-making, empowerment of schools and communities, and promotion of greater local-level accountability can increase enrolment and facilitate the achievement of MDG 2.

In Côte d’Ivoire, the process of decentralization began in 1995 but suffered a setback because of the socio-political crisis that affected the country starting in 2002. While local authorities assumed responsibilities for the provision of basic social services such as health and education, the crisis impeded the allocation of financial and human resources to subnational authorities and compelled them to de-prioritize spending on education. The United Nations Girls’ Education Initiative encouraged the subnational authorities to provide access to quality education for all children, with a special focus on girls, which resulted in the signing of a memorandum between the Minister of Education and territorial authorities and the installation of infrastructure and equipment in preschools and primary and secondary schools throughout the country. A process of participatory planning, building on the
acceptance of decentralization by all stakeholders, led to the development of an action plan in 2009 and acceleration of efforts to achieve MDGs 2 and 3.

Uganda passed the Local Government Act in 1997, which led to the adoption of a national fiscal decentralization policy and the creation of district development programmes to bring about greater efficiency in service provision at the local level. Those programmes implemented targeted, gender-sensitive policy frameworks, which enabled the poor to communicate their needs to local governments and exert an influence on the allocation of resources to facilitate a shift of those resources to sectors that had greater growth, human development and poverty reduction potential. The decentralization process also reduced the information costs of identifying the poor and the transaction costs of designing interventions for poverty reduction, health and education. Boko and Baliamoune-Lutz (2009) found that decentralization led to a significant reduction of the poverty rate in Uganda and a commensurate improvement in the health- and education-related MDGs.

Chile successfully implemented a universal social protection programme establishing effective coordination between national and subnational authorities. The Government instituted an intersectoral system of social protection based on a management model covering the actions and benefits implemented and coordinated by various State agencies. While the Ministry of Planning is responsible for the administration, coordination, monitoring and evaluation of the implementation of the system, communal networks (redes comunales) provide local coordination of services and of the work of public institutions dedicated to children.

Decentralization has been a necessity, particularly for addressing the huge gap in the delivery of services between rural and urban areas, and for promoting MDG progress at local levels. It has been found to exert a much more positive effect on rural provision of water and sanitation than other interventions, such as sectoral aid and corruption control, according to a cross-country panel regression study conducted for a large number of sub-Saharan countries (see, e.g., Wolf, 2009). In Central Java, decentralization plans prompted by the MDG Acceleration Framework have been implemented to address specifically the apparent plateauing of the maternal mortality rate experienced by this populous Indonesian province over the last few years as well as the rate’s wide variation across its districts and towns. Evidence from the deployment of Nigeria’s conditional grant scheme by means of partnerships between local, subnational and national governments has shown that local and state governments are better positioned to implement development projects, while the federal government may be better suited to concentrating on planning, coordination and monitoring and evaluation (Zamba and Oboh, 2013). The aforementioned national multi-sector strategic framework for HIV/AIDS in the United Republic of Tanzania also relies on a local government accounts committee to oversee local government activities.

While decentralization can facilitate service delivery at the local level, it can also pose new challenges to coordination and resource mobilization. Securing a fiscal envelope for implementation of policies and programmes at the local level is more cumbersome than doing so at the central government level. Efficient intergovernmental transfers, as well as the
mobilization of resources by decentralized government agencies themselves, are essential for development results. In spite of the challenges, there are encouraging examples of coordination in this regard. A recent report on Ethiopia has shown that while intergovernmental fiscal transfer funds basic services delivery at the district level (woreda), some districts manage to raise their own revenues, including through development partners (World Bank, 2014d). This is done through the Promoting Basic Services (PBS) programme, which not only provides development-partner resources for service provision, but also supports a variety of measures designed to improve service quality as well as local government capacity, which are critical for success. The programme also supports direct inclusion of the voice of citizens by emphasizing transparency and good governance for block grants through a variety of measures. The report shows that district-level spending has been a highly effective means of pushing Ethiopia towards attainment of MDG goals.\(^6\)

Success of decentralization often depends on the capacity and motivation of leadership at the local level. Lack of planning and administrative capacity among public servants at the local level can lead to wasteful use of scarce resources. Weak public financial management, lack of accountability and ineffective oversight mechanisms can also breed inefficiencies and corruption in local governments. Political and fiscal decentralization are often stymied by excessive dependence on transfers from central governments and the chronic inability of local governments to raise resources locally. For decentralization to succeed and facilitate the efficient delivery of public services, capacity-building of local governments for planning, public financial management and local resource mobilization needs to be a priority. Local governments also need effective oversight and external audits to ensure their accountability and to prevent corruption.

**Partnerships with non-Government actors\(^7\)**

Forging partnerships with non-governmental actors has become an imperative not only for pursuing development objectives, but also for promoting good governance and human rights. Given the capacity and resource constraints experienced by the government, civil society organizations and non-governmental organizations have emerged as critical actors in the development processes, by contributing directly and indirectly to the process of poverty reduction and attainment of other MDG targets, particularly health-, education- and gender-related MDGs. Partnerships between government and non-government actors have proved

---

\(^6\) Econometric results of the study showed that a US$ 1 increase in district health spending per capita could be associated with an increase in the contraceptive prevalence rate of 6.4 per cent, an increase in the proportion of births delivered by skilled birth attendants of 11.3 per cent, and an increase in coverage of antenatal care by 3.6 per cent. Child and maternal mortality rates can be reduced as a result. With regard to education, an increase of US$ 1 per capita in district-level educational spending is associated with a 3.6 per cent increase in the net primary enrolment rate within the district.

\(^7\) The present section is focused on partnerships at national and subnational levels, while chap. VI dis- cusses various types of partnerships at the global and international levels.
critical to enhancing voice and participation of citizens and promoting a rights-based approach to development.

During the MDG reference period, civil society organizations and non-governmental organizations have been participating increasingly in national development efforts as (a) partners and stakeholders in the design and implementation of development strategies; (b) providers of services, particularly in the health, education and microfinance sectors; and (c) watchdogs, to ensure government fulfilment of commitments (Ghaus-Pasha, 2004). In many countries, the absence of effective governance, or at least the perception that Governments are unable or unwilling to respond to citizens’ needs and exhibit transparency in their decision-making processes, has led to a larger developmental role for civil society organizations and non-governmental organizations. Civil society and communities have found it necessary to develop the ability to build consensus, advocate for their own interests, or partner with the government (and the private sector) in order to be able to pursue those interests. A number of initiatives and results at the country level, both national and subnational, reveal that effective, well-managed policies and strategies for MDGs have been supported by partners at all levels, including civil society organizations and non-governmental organizations that work with local governments.

The partnerships with those organizations have contributed not only to improving governance but also to enhancing the effectiveness and outreach of service delivery to marginalized groups or groups living in very remote areas. In Egypt, a partnership among the Ministry of Education, international organizations, non-governmental organizations and small companies and workshops, under the auspices of the National Council for Childhood and Motherhood, successfully provided mobile schooling to both street children and working children. While the commitment of the Ministry of Education to diversifying the education delivery mechanisms was key to the partnership’s success, partnership with non-governmental organizations must also be recognized as having facilitated the development of curricula that met the specific needs of street children and ensured the quality and flexibility of the delivery mechanism.

In Cambodia, the Committee to Promote Women in Politics, a coalition of seven non-governmental organizations, developed a non-partisan training and support network designed to increase women’s participation in politics. Effective partnerships among the Government of Cambodia, the national parliament and the Committee contributed to a significant increase in women’s representation in parliament during the MDG era. Similarly, establishment of a broad alliance engaging relevant government ministries, women members of parliament, gender experts and the most active women’s non-governmental organizations from all regions of the country contributed to making Kyrgyzstan a leader among Central Asian countries in increasing women’s representation in parliament.

Cambodia’s partnership for promoting gender equity contributed to a strengthening of the capacity of key government partners, including the Ministry of Women’s Affairs, to mainstream gender into national development plans and strategies. The partnership between the Ministry of Women’s Affairs and non-governmental organizations also led to the
establishment of gender mainstreaming action groups in line ministries to facilitate a common approach to gender mainstreaming and acceleration of the realization of MDG 3.

As part of the efforts to combat HIV/AIDS, Zambia established the National AIDS Council, which has developed strategic intervention plans designed to coordinate the efforts of the government, the private sector, religious groups and civil society organizations, as described in the country’s MDG reports. The United Republic of Tanzania, by adopting the aforementioned national multisector strategic framework for HIV/AIDS, has also taken significant steps to integrate programmes across different levels of government as well as among government, the private sector and civil society organizations.

Bhutan has successfully carried out several community-based nutrition initiatives, including promotion of school agriculture and household kitchen gardens, and enhancement of livestock-rearing and food production. At the same time, there has been a wide-spread introduction of community schools across the country, for which the government has provided the building materials; it has also assumed the recurrent costs of teacher salaries and textbook and stationery-related expenditures. Through the establishment of community schools in Bangladesh, Bhutan, Indonesia and other countries, walking distances to schools have been considerably reduced, and parental concerns for the access, well-being and safety of girl students have been thereby addressed. Indonesia offers proof that the holding of democratic elections by school committees for their membership constitutes an effective means of increasing the involvement of parents in their children’s schoolwork (World Bank, 2012d).

As regards the sustainable provision of water to underserved populations, adequate policy and legal frameworks, community participation and effective water management are all needed. This requires development of democratic processes, broad-based community participation and upgrading of technical skills of people in charge of water provision (Bos, 2006). China, for example, has managed to effect a remarkable increase in the proportion of the population using improved drinking-water sources and improved sanitation facilities, through developing effective administrative and management arrangements, generating strong demand from local governments and rural residents, and strengthening community-level participation so as to improve service delivery (Shuchen, Yong and Jiayi, 2004).

In a number of countries, the private sector has also played an important role in delivering services in the health and education sectors and contributing to relevant MDGs. The governments in these countries often needed to rely on the private sector to achieve necessary improvements in service delivery, especially in critical social areas such as health. Private providers play a significant role in the health sector in Africa, serving all income levels across sub-Saharan Africa’s health systems. A comprehensive World Bank (2011d) study identifies dialogues and exchange of information, a regulatory framework, and

---

8 By 2005, the proportion of the population using improved drinking-water sources and the proportion using improved sanitation facilities had risen to 86 per cent and 55 per cent, respectively, from 67 per cent and 24 per cent in 1990; and from that point onward, those proportions continued to rise steadily, reaching 92 per cent and 65 per cent in 2012.
financing mechanisms as critical elements for successful partnerships between the government and private health sector providers in sub-Saharan Africa. In Armenia, Cambodia, Ethiopia and Mongolia, on the other hand, public action has also been necessary in supplementing private expenditure so that desirable quantities of services in education and health could be attained (Khan, 2005).

There is growing evidence that public-private partnerships can work effectively to promote progress towards the MDGs. For example, the MDG Acceleration Framework action plans have led to an improvement in economic outcomes for women in Cambodia and for people with disabilities in Costa Rica, with the private sector acting as a crucial partner of the public sector in both countries (United Nations Development Programme, 2013). A number of global initiatives have also leveraged public-private partnerships as a vehicle for fostering MDG progress at the country level. For example, the Global Partnership for Girls’ and Women’s Education, launched in May 2011, established several innovative partnerships, especially with the involvement of the private sector, in support of concrete country-level efforts to increase learning opportunities for adolescent girls and women, especially in Africa and Asia (see chap. VI). As a result, Senegal, for example, has seen a systematic increase in the number of girls and young women who have attained literacy and life skills.

**Accountability, monitoring and evaluation**

There is no good governance without accountability and no accountability without effective monitoring and evaluation. Monitoring and evaluation can ensure the availability of information on interventions, resources utilized and outcomes, facilitate efficient, effective and equitable usage of public resources, prevent waste, leakage and corruption, and ensure that political leadership and public servants are held accountable to the citizens whom they are supposed to serve. Enhancing accountability in public service is often an incremental process. As pointed out in World Public Sector Report 2014 (United Nations, forthcoming), Governments need to prioritize sectors and public services where increasing transparency and accountability is critical. Specifically, accountability mechanisms and processes need to be strengthened in areas of activity prone to a high risk of corruption such as public procurement, public works, concessions involving extractive industries and privatizations, among others involving large financial flows. Informal practices prone to corruption and the value system within a society are key areas for analysis.

---

9 For that study, a team of researchers collected data through interviews, supplemented by desk research, in 45 countries of sub-Saharan African. More than 750 in-person interviews were conducted with key stakeholders in each country: senior government officials; private sector representatives, including practising doctors and nurses, and independent experts. The results highlighted those areas where public-private collaboration was and was not working well.

10 Accountability essentially ensures that officials in public, private and voluntary sector organizations (such as non-governmental and civil society organizations) are answerable for their actions and that there is redress when duties and commitments are not fulfilled.
Different institutional arrangements and practices—both formal and informal—exist to ensure accountability and transparency in governance. They include parliamentary oversight standing committees/ad hoc inquiries at the legislative level, statutory bodies such as supreme audit institutions that report directly to the parliament, internal and external audit requirements in individual government agencies, independent anti-corruption commissions, monitoring and evaluation frameworks at project and programme levels, citizens’ forums, non-governmental watchdogs and independent media. Enhancing accountability as a formal governance and public administration goal can be very difficult, however, in countries where formal and informal arrangements are frequently in conflict (United Nations, 2015d). Development cooperation and official development assistance (ODA) commitments can also include accountability mechanisms, which require Governments to conduct periodic reviews, monitoring and evaluation and provide assessments on the use and effectiveness of development assistance. Holding Governments accountable to international treaties, such as the United Nations Convention against Corruption,11 can also be a means of promoting good governance.

In Mauritius, the Independent Commission against Corruption implemented a public sector anti-corruption framework in the civil status division and the Mauritius police force in 2010. The initiative, which led to the development and adoption of anti-corruption policies, earned Mauritius international recognition as a first-place winner of the United Nations Public Service Award for 2012 (United Nations, 2014c). Consequently, corruption levels have decreased in Mauritius, resulting in fewer public complaints, and a dissemination of the practice throughout the government. Other developing countries have had similar experiences (see box V.2). In 2004, the Government of Bangladesh, for example, formed the Anti-Corruption Commission which, in 2007, initiated an active partnership with Transparency International Bangladesh which resulted in their joint involvement in various anti-corruption programmes. Also in 2007, Bangladesh acceded to the United Nations Convention against Corruption. These initiatives have helped to both improve Bangladesh’s relative rank in the Corruption Perceptions Index (CPI) over the last few years and show ways to promote good governance.

National parliaments can ensure accountability of the executive branch, directly through budgetary oversight and indirectly through the establishment and empowerment of supreme audit institutions. Independent supreme audit institutions can promote efficient, accountable, effective and transparent public administration and governance to facilitate the realization of MDGs. During the MDG era, such institutions strengthened and broadened citizen engagement in a number of countries to increase awareness and accountability. Mexico has established hotlines through which to collect anonymous information from the public regarding alleged irregularities, and takes these inputs into account in annual audit planning programmes. With a view to rebuilding and maintaining the public’s trust, Indonesia’s supreme audit institution devised and implemented public relations and communication strategies in the early 2000s and undertook campaigns designed to increase public awareness regarding its reports and accountability-related issues. China’s supreme

audit institution conducts a special leaders’ accountability audit, which assesses their performance and ensures citizen participation in the planning, execution and reporting stages of audit work.

The efficacy of audits, however, is often undermined by capacity constraints in both supreme audit institutions and the parliamentary committees that oversee public expenditures. Absence of the rule of law, political interference and the circumscribed autonomy of supreme audit institutions also impede the effectiveness of audit and accountability mechanisms.

As complements to parliamentary oversight and audits, effective monitoring and evaluation systems can enhance accountability, good governance and development effectiveness. Many developing-country Governments strengthened their monitoring and evaluation systems during the MDG implementation phase. MDG monitoring, in particular, has contributed to improving statistical capacity and data availability, laying the foundations of a comprehensive statistical architecture with the capacity to facilitate not only MDG achievement, but achievement of the SDGs and implementation of the post-2015 development agenda as well (see chap. I for further details).

Lopez-Acevedo, Krause and Mackay, eds. (2012) presented examples of countries where strengthened monitoring and evaluation systems produced encouraging results. These systems are typically implemented by different agents (e.g., individual agencies, entire sectors or the government as a whole) and provide information on the performance of government policies, programmes and projects at the national, sector and subnational levels. Starting in 2000, el Sistema de Evaluación del Desempeño, Mexico’s monitoring and evaluation (M&E) system, required all line ministries, planning and evaluation units, budget offices, public administrators and the legislative branch of government to participate in the evaluation process. The necessary push towards systematic evaluation was provided by a budget law which required federal programmes involving subsidies, cash or in-kind transfers and some infrastructure, health and education services to carry out annual external evaluations. The system possesses three key components: performance indicator monitoring, evaluation and feedback mechanisms.

Chile’s management control and evaluation system (Sistema de Evaluación y Control de Gestión) is internationally regarded as offering an example of how monitoring and evaluation can be put into practice successfully. This system arose out of a series of reform efforts initiated in the 1990s, through which the “first generation” tools (put in place during the period 2000–2010) were developed. The range of Chile’s monitoring and evaluation tools is as broad and as comprehensive as Mexico’s, although the Chilean system aims at reaching out to citizens more comprehensively, through management reports. Good results achieved through the operation of the systems in both countries include, inter alia, the establishment of a measurement-oriented culture across central government, ministries and agencies, and the use of data produced by the various tools to inform budgetary and other policy and management decisions.
Another example in this context is Indonesia’s minimum service standards (MSS), a measure for the evaluation of local government performance in the implementation of obligatory functions related to basic services. The combination of obligatory functions and the development of government capacity to cost and implement the minimum service standards in regions, aims to provide access for citizens at the minimum level of quality at a given time. This initiative of the Government of Indonesia (Directorate General for Regional Development, Ministry of Home Affairs) has been implemented since 2000 in cooperation with the Decentralization Support Facility administered by the World Bank (World Bank, 2011a). The analysis of factors underlying the successful implementation of the standards and possible relationships with the achievement of the MDGs is among the objectives of this programme.

A strong focus on capacity development is a necessary precondition for successful implementation of monitoring and evaluation systems. The institutional capacity-building required to implement M&E systems and improve service delivery often relies on capacity assessments, which have frequently been undertaken through collaboration between the United Nations Development Programme (UNDP) and country ministries. These assessments have been important for the implementation of all MDG-related programmes, including monitoring and evaluation measures (United Nations Development Programme, 2008). These assessments have also been instrumental in strengthening developing countries’ ability to assess data capacity and improve it for monitoring purposes. The nature of these assessments has necessitated broader participation of national constituents as well as the addressing of accountability issues within democratic practice. There are also other multilateral initiatives, such as the African Peer Review Mechanism, which promote multi-stakeholder dialogue and mutual adherence as part of the monitoring and reporting on the MDGs in Africa (Sanga, 2011). At the same time, M&E capacity development efforts should aim at enhancing transparency and effectiveness in service delivery. It will be critical for most developing countries to foster a constructive engagement between end users and providers (and financing organizations). This has been found to be a key component in models of the scaling up of key public services for MDG implementation, especially in the area of health (Subramanian and others, 2011).

The MDG experiences have underscored the need for good data and have possibly triggered a silent data revolution. Increasing availability of, and access to, quality data—which reduces inequalities in the areas of access to information and data literacy, promotes civic engagement and enhances the sharing of data and information, including open government data—can play an important role in strengthening monitoring and evaluation and enhancing accountability for development results. The data revolution can be a critical step forward towards promoting good governance and capable institutions with a clearer understanding of “where we are and where we need to go” and how “to ensure that everyone is counted in”.12

Poor incentives, compensation and benefits, both cash and non-cash, in the civil service often act as a binding constraint on curbing corruption and achieving development results. A multi-country study shows that “pay flexibility” improves public sector performance and changes managerial behaviour strikingly (World Bank, 2014e). Such flexibility ensures performance-related pay, which means that pay is allowed to differ for apparently similar workers who do the same job across agencies, career groups and geographical locations, through linkage of a portion of pay to the achievement of performance targets. This can work with, rather than instead of, long-term career incentives. Indeed, the same study points to a large and growing body of empirical literature on performance-related pay in education, whose findings reveal positive results in developing countries. However, even if the arguments for pay flexibility and incentive wages are clear-cut, the relationship between public compensation policy and corruption can still be both highly complex and non-linear (see box V.2).

Peace and stability as both the enabler for and outcome of development

Trends in peace and stability during the MDG reference period

When the MDGs were launched at the beginning of the new millennium, peace and stability were improving worldwide. After peaking in the early 1990s, the number of major civil wars had declined. The annual number of battle deaths from civil war fell from more than 160,000 per year in the 1980s to less than 50,000 per year in the 2000s (World Bank, 2011a; and Human Security Report Project, 2013).

However, in the 2000s, people in a large number of countries were exposed to serious conflicts and violence of different types, which included: civil wars in countries with a rich endowment of oil and other minerals, as rebels financed their activity through the sale of resources, such as diamonds in Sierra Leone and columbite-tantalite in the Democratic Republic of the Congo; wars and violence related to illegal trafficking in Afghanistan, Northern Ireland and the Philippines (Mindanao); mobilization of militant groups and criminal gangs during political contests and elections in Côte d’Ivoire, Jamaica, Kenya and Solomon Islands; urban gang violence associated with particular ethnic groups in Melanesia; and organized crime involving combatants in political conflicts between the state and rebel movements in countries of Central America. It was estimated that by the end of the 2010s, 1.5 billion people lived in countries affected by serious conflicts and violence, with 58 countries with a homicide rate higher than 10 per 100,000 people and 14 countries with a rate exceeding 30 per 100,000 people (Geneva Declaration Secretariat, 2011). Many, if not all, of these armed conflicts can be attributed to governance practices that failed to ensure equitable distribution of resource revenues, uphold the rule of law and prevent discrimination against minority population groups or provide economic opportunities and decent jobs to the youth.
Turning to the 2010s, the outbreak and rapid spread of the Arab Spring in Northern Africa and Western Asia led to an upsurge in deaths from organized violence in the region (box V.3). In the Syrian Arab Republic alone, according to a conservative estimate by the Office for the Coordination of Humanitarian Affairs of the Secretariat, by mid-2014, more than 191,000 people had died during the civil war, which is still raging. Since the emergence of the Arab Spring, the magnitude and scale of armed conflicts worldwide seem to have escalated, reversing the positive trend towards peace and stability observed in the previous decade, and thereby posing more challenges for sustainable development in the post-2015 era.

While it is recognized that inter-State wars and conflicts remain a threat to global peace and development, the present section will focus mainly on wars and conflicts within countries. In the following discussion, the term conflict will be used as shorthand to signify, inter alia, all the violent actions and conflicts mentioned in the above examples, and the term conflict-affected countries will refer to those States and territories subjected to such conflicts and violent actions.

The shattering by conflict of progress towards development goals

Conflict exacts enormous and multifaceted costs, including direct human suffering and catastrophic socioeconomic disruptions, and thus significantly impedes the achievement of the MDGs and other development goals in the affected countries. For instance, there has been a striking divergence in the rates of poverty reduction between countries experiencing peace and stability and those mired in conflicts, with the former managing to reduce poverty at a steady pace and the latter witnessing the stagnation of, and even a rise in, their poverty rates (figure V.1). On average, the rate of poverty reduction in conflict-affected countries is nearly 1 percentage point lower per annum than that of other countries; and over time, the cumulative gap between these two groups has increased enormously (World Bank, 2010).

Conflicts have different impacts on different population groups. Usually, the direct impact of conflicts is experienced primarily by young males, who, as members of combat forces, suffer death in battle, detention and injury. On the other hand, women and children often suffer disproportionately from the indirect consequences of conflicts, as they are at high risk of becoming victims of sexual and gender-based violence, abuse and displacement. For example, women and children constitute about 80 per cent of the refugees displaced by conflicts (United Nations Population Fund, 2002: Plümper and Neumayer, 2006; and Bastick, Grimm, and Kunz, 2007).
More generally, people in conflict-affected countries are deprived of their right to live in dignity and opportunities to develop. They are more likely to be impoverished, unable to attend schools, and denied access to basic health services and other public goods. As illustrated in figure V.2, conflict-affected countries lag behind on progress in almost every MDG indicator. Those countries account for nearly 80 per cent of school-age children not enrolled in primary school, 60 per cent of the people living in poverty and 70 per cent of infant mortality. Compared with children in countries without major conflicts, children born in conflict-affected countries are twice as likely to be undernourished and nearly twice as likely to lack access to improved water sources; those of primary-school age are three times as likely not to be enrolled in school and twice as likely to die before their fifth birthday.
The most recent examples of how conflict can lead to devastating economic consequences and set back progress towards the achievement of the MDGs are provided by Northern Africa and Western Asia during the Arab Spring of the early 2010s (see box V.3).

Even in countries that have not experienced civil wars, the costs of other types of conflicts can be very high, with indirect costs sometimes far surpassing direct ones. In Brazil, for example, the direct medical costs of all interpersonal violence were estimated at $235 million in 2014 and the indirect medical costs at $9.2 billion. Total costs of violence in Kenya are estimated at 1.2 per cent of GDP. In 2005, criminal violence cost Guatemala $2.4 billion, or 7.3 per cent of GDP, more than twice the cost of the damage caused by Hurricane Stan the same year, and more than twice the budgets for the ministries of agriculture, health and education combined. In El Salvador, criminal violence in 2003 cost about $1.7 billion, or 11.5 per cent of GDP (World Bank, 2011a, box 1.3).

Moreover, the effects of conflict on economic and social development can be protracted over a long period. According to some studies, it would take an average of 14 years for a recovering country to return to its original GDP growth path after a civil war (Hoeffler, von Billerbeck and Ijaz, 2010). For example, Burkina Faso and Burundi had similar income levels and growth paths until 1990, but the civil war in Burundi dragged its real incomes back to 1970 levels, while, in contrast, Burkina Faso saw its income grow by a factor of about 2.5 between 1990 and 2013. The impact of civil war on investment and trade can be consequential. For instance, trade can drop 12-25 per cent in the first year of a civil war, and for the most severe civil wars (those with a cumulative death toll greater than 50,000) the loss of trade is about 40 per cent (Martin, Mayer and Thoenig, 2008). The interruption in trade can persist for 25 years following the onset of a major conflict.

Civil wars and other types of conflicts also have substantial cross-border spillover effects, thereby hampering the progress of neighbouring countries in achieving their
development goals. For example, it is estimated that countries in Africa on average would lose 0.7 per cent of GDP for each neighbouring country involved in civil war (De Groot, 2010). Piracy (for example, that practised by Somalis operating in the Gulf of Aden) also reduces regional trade and economic activity. At a global level, the costs of efforts aimed at deterring or containing maritime piracy were estimated at $1.7 billion-$4.5 billion in 2010 (Bowden, 2010).

Another weighty spillover effect of conflicts is associated with refugees. Worldwide, the total number of people displaced as a consequence of conflict and violence is estimated to have reached a staggering 33.3 million by the end of 2013 (Internal Displacement Monitoring Centre (IDMC), 2014), with about 75 per cent of the refugees being hosted by neighbouring countries. The number of internally displaced persons reached 28.8 million by 2012, up from 17 million, in 1997 (ibid.). The large number of refugees has not only imposed huge financial costs on neighbouring countries, but also heightened risks of the spread of infectious diseases and intensified tensions in the host countries.

**Development stresses among the causes of conflict**

If, as noted above, there is clear-cut evidence that conflicts disrupt progress towards the achievement of the MDGs and other development goals, it has also been found that, reciprocally, development stresses are among the major root causes of serious conflicts. Recent research on civil wars and other types of major conflicts has led to the identification of stresses within the three dimensions of sustainable development—economic, social and environmental—as factors that, along with others such as justice-related stresses and human rights violations, gravely exacerbate the risks of conflict and instability.

When a country faces, for example, severe economic stresses, such as high unemployment, rebellion can serve as a source of economic rents for rebel leaders and provide their followers, who may have no other source of livelihood, with a viable income. In a low-income environment, the opportunity costs of engaging in violence may be small (Collier and Sambanis, eds., 2005). However, low-income economies with rich endowment of natural resources are found to be 10 times more likely than other countries to experience civil war (Collier and others, 2003). Good governance practices, as reflected in sound macroeconomic and redistribution policies, can ensure equitable and efficient use of revenues from natural resources and minimize economic stresses.

Among economic stresses, high unemployment, particularly youth unemployment, can significantly increase the risk of violence. In surveys conducted by the World Bank (2011a) in conflict-affected countries, unemployment and idleness were cited as constituting the most important drivers behind young people’s decision to join rebel movements.
The relationship between unemployment and violence is often explained in terms of the lack of social identity and feelings of exclusion. Several qualitative studies of gangs and recruitment into rebel movements in Latin America and Africa and have suggested links among employment, respect and identity. Findings within a large body of literature on unemployment indicate that factors linked to power relations and the search for dignity can be important drivers of violence (e.g., see Cramer, 2010). As in the case of rebel movements, unemployment and a perception of low status also emerge as risk factors for recruitment into gangs. Effective governance, capable institutions and sound economic policies can ensure that different population groups, particularly youth, have access to meaningful economic opportunities and decent jobs.

Economic shocks, such as those associated with food and energy prices, can also heighten the risk of conflict. Research shows that in sub-Saharan Africa, civil conflict is more likely to occur following years of poor rainfall. A study using rainfall variation as a proxy for income shocks in 41 African countries between 1981 and 1999 found that a 5 per cent decline in economic growth significantly increased the likelihood of conflict in the following year (Satyanath, Miguel and Sergenti, 2004). Sharp food price increases, in particular, have a long association with urban instability, especially in low-income countries, whose Governments generally have insufficient means to counteract such shocks. However, there is less of a risk of conflict when those countries have effective institutions capable of protecting consumers against such shocks. For example, developing countries with low government effectiveness experienced a greater number of protests over food price during the food crisis of 2007–2008 than did countries with high government effectiveness. Countries with weak governance experienced an incidence of violent protests that was three times greater than countries in the top half with respect to governance (Schneider, Buehn and Montenegro, 2010; and Kaufmann, Kraay and Mastruzzi, 2010). Good governance at both national and international levels and greater policy coherence, in areas of trade, finance and investment, can help mitigate the adverse effects of economic shocks and prevent instability and conflict.

Social stresses, including high inequality in both opportunity and income, are also causes of conflict. The links between inequality and violent conflict are among the oldest concerns in political economy. A correlation is found between income inequality and conflict, although some findings are not conclusive, and require further investigation and more in-depth analysis (Loayza, Fajnzylber and Lederman, 2002; and Cramer, 2005). In particular, countries rich in natural resources are vulnerable to armed conflict, if resource rents are not equitably distributed in the society, as evidenced by the prolonged struggles between rival militias in the civil wars in the Democratic Republic of the Congo (Ross, 2003). It is widely believed that good governance and capable institutions, which uphold the rule of law and prevent social exclusion and discrimination, can minimize social stresses and create more peaceful societies.
A growing volume of research findings points also to close links between environmental stresses and conflict: the former can cause or amplify conflict directly or indirectly (through population displacement, poverty or the introduction of infectious diseases).13

The situation in the Sudan exemplifies how conflict is intertwined with environmental and economic stresses. In the State of North Darfur, rapid population growth exerted pressure on relatively arid lands; and declining rainfall in the 2000s, a possible consequence of global warming, added to the woes of the region already caused by the civil war. Furthermore, the collapse of economic activities and of the market for the region’s produce led to an intensification of poverty and malnutrition, as well as enhanced vulnerability of local residents to a range of health threats, including malaria, yellow fever, cholera and diarrhoea, with hundreds of thousands of people dying or being displaced in the mid-2000s. Natural disasters, causing displacement, can also compound environmental stresses and lead to instability and conflict.

Of course, development stresses are not the only causes of conflict. Other factors such as injustice perpetrated on the basis of ethnic or religious identity, human rights violations, external invasion, and international terrorism and criminal networks can all be root causes of serious conflict. A discussion of these factors is beyond the scope of this section, however.

Building a virtuous cycle of peace and development

For countries entrenched in different forms of conflicts and instability, achievement of development goals depends first and foremost on whether they can restore peace and stability. Given the interrelations between sustainable development stresses and conflict, as discussed above, the most effective policies and strategies often rely on good governance and capable institutions which have the ability to reduce sustainable development stresses and mitigate risks of conflict simultaneously, and thereby enable a virtuous cycle of peace and sustainable development to be gradually built up.

Once a conflict-affected country has restored peace and stability—breaking the vicious cycle between conflict and sustainable development-related and other stresses—it can make significant progress towards achieving the MDGs and other development goals. For instance, in Ethiopia, once conflict ended, the proportion of the population with access to improved water sources jumped from 13 per cent in 1990 to 66 per cent in 2009–2010; in Mozambique, the primary school completion rate increased from 14 per cent in 1999 to 46 per cent in 2007; in Rwanda, the undernourishment rate was reduced from 53 per cent of the population in 1997 to 34 per cent in 2007; in Bosnia and Herzegovina between 1995 and 2011a).

13 See chap. IV for a more systematic discussion of environmental sustainability issues in the context of the MDGs and the SDGs.
2007, the measles immunization rate for children increased from 53 to 96 per cent, and the infant mortality rate dropped from 16 to 12.6 per 1,000 live births (World Bank, 2011a).

In order to transition from conflict to a steady state of lasting peace, stability, justice and prosperity, countries ultimately require the building of legitimate institutions and good governance. However, lessons derived from cases of both success and failure show that good governance and effective institutions cannot simply be imported from other countries, although experience can be shared across countries. They can be built only in accordance with country-specific circumstances through a long and gradual process. According to the findings of a study conducted by Pritchett and de Weijer (2010) for some 20 selected countries which had made the successful transition in the twentieth century from war and conflict to peace and stability, it took 17 years on average for the military to be removed from politics, 20 years for adequately functioning governments to be instituted and 27 years for corruption to be brought under reasonable control. In the same study, it was pointed out that the initial conditions under which those countries (e.g., Portugal and the Republic of Korea) embarked on what turned out to be a successful transformation were much more hospitable than those faced today by many conflict-affected countries, such as the Democratic Republic of the Congo and Haiti, suggesting that the time required for the latter to achieve a similar transition may be even longer than that needed by their predecessors.

Restoring confidence in the political process and the governance system—through the building of a sufficiently inclusive coalition—is critical in the initial phase of transition, as attested by the successful cases. In 2007, the leadership of Timor-Leste reached out to other political parties and to entrepreneurs to enlist their help in the work of reconstruction. Similarly, a careful process of mediation in Indonesia involving the Free Aceh Movement and the central and local governments resulted in the establishment in 2005 of a peace agreement in Aceh. The agreement secured a broad range of stakeholder support as well as international approval. In Sudan, by contrast, efforts to build an inclusive coalition did not succeed, as peace talks held between 2000 and 2005 managed to involve only a narrow group of leaders on both sides, without a broadening of the coalition even after the peace agreement was signed in January 2005. This led to eventual separation and the emergence of the republic of South Sudan in 2011.

Once an inclusive coalition is in place and confidence starts to rise, the next step is to transform institutions so as to deliver stability, justice, basic services and jobs. Practical measures, such as investing in basic infrastructure, particularly electricity, have been found to be a key driver of recovery in a post-conflict environment. Channelling of public finance for employment creation in labour-intensive sectors, combining of short-term job creation with training programmes so as to enhance skills in the longer run, promotion of private businesses through various reforms, and empowerment of women through their access to greater economic opportunities have proved to be crucial in generating jobs and income and laying the foundation for recovery from conflict (Ashe and Parrott, 2001; and International Alert and Women Waging Peace, 2004). The World Bank (2011a) presents a large number of additional useful measures, which were implemented during the MDG reference period and earlier to promote stability, justice and development in post-conflict countries. The key to
building and maintaining peace and stability in conflict-affected countries lies in sustained efforts to promote good governance and build capable and responsive institutions.

While efforts undertaken on a national scale by the people and governments of conflict-affected countries undoubtedly play the dominant role in ensuring achievement of the transition from conflict to peace and sustainable development, the international community can, through its own efforts, also play a catalytic role in delivery and strengthening of transition. Indeed, international support to conflict-affected countries, as provided through international agencies, regional organizations and bilateral arrangements, has increased during the MDG reference period. For example, peacekeeping missions have been scaled up, with a total of 125,396 personnel serving in 16 peacekeeping operations as of 31 March 2015 (with 120 countries contributing uniformed personnel) (United Nations, 2015d). The volume of ODA provided to conflict-affected countries more than doubled between 2000 and 2012, despite some year-to-year fluctuations.\(^{15}\) The international community has provided support to the conflict-affected countries in the areas of building coalitions, transforming institutions and mitigating their external stresses, associated, for example, with cross-border insecurity, illegal trafficking, transnational corruption, and illicit international financial flows.

Among these international efforts, disbursement of ODA to those countries remains important. Most conflict-affected countries face severe constraints on mobilizing domestic resources. For example, Afghanistan and Ethiopia had tax collection rates below 10 per cent of GDP, well below the 20 per cent level considered necessary to meet poverty goals. ODA accounts for 10 per cent of gross national income (GNI) or higher in 20 out of 51 conflict-affected countries, with the proportion reaching as high as 50 per cent for a few of them. After having risen for a decade, ODA to conflict-affected countries declined in 2011-2012 by about 3 per cent, but the volatility of ODA disbursed to these countries seemed to have abated considerably, improving the predictability in budget and planning in those countries. Recently, member countries of the Development Assistance Committee (DAC) considered a proposal to allocate more ODA for strengthening the capacity of tax collection and domestic revenue mobilization in conflict-affected countries (Organization for Economic Cooperation and Development, 2014a). International policy coordination and coherence can play an important role in improving aid effectiveness and building capable institutions in post-conflict countries, and in mobilizing domestic revenues.

Lessons in the MDG era also point to the importance of coordinated efforts at both national and international levels towards building a virtuous cycle of peace and development for conflict-affected countries. Guinea-Bissau and Liberia provide two contrasting examples (World Bank, 2011a).

Following the Comprehensive Peace Agreement between the former Government of Liberia, Liberians United for Reconciliation and Democracy and the Movement for Democracy in Liberia (signed in Accra on 18 August 2003), which ended two civil wars, the

\(^{15}\) See chap. VI for a further discussion of ODA.
United Nations deployed 25,000 peacekeeping troops in Liberia, as well as mobilized $2.6 billion in ODA from the international community. Meanwhile, the United Nations, the World Bank and other organizations worked with the Government of Liberia to boost confidence through a well-coordinated programme designed to create jobs, restart the economy and provide tangible evidence of the implementation of the peace process, with the employment-creation scheme known as “Roads-with-UNMIL”, for example, restoring hundreds of kilometres of roads (“UNMIL” is the acronym for “United Nations Mission in Liberia”). The Economic Community of West African States (ECOWAS), a regional organization, also worked with donors on confidence-building. The Governance and Economic Management Assistance Programme (GEMAP), introduced in the run-up to the 2005 elections, provided “dual key” authority for the conflicting sides in the areas of revenue and expenditure. In 2008, it was agreed that Liberia qualified for assistance under the World Bank/International Monetary Fund (IMF) Heavily Indebted Poor Countries (HIPC) Initiative. The country had received total debt relief in the amount of $4.6 billion by 2010 (International Monetary Fund, 2010). Liberia’s GDP, after contracting by one third in 2003, grew by more than 7 per cent per year between 2004 and 2010, with per capita income doubling during the period. The GDP growth rate has been about 8 per cent per year in the past few years (post-2010).

In contrast, no comparable international effort was made in nearby Guinea-Bissau, reflecting in part a lack of international confidence in national governance and country leadership. Peace and elections in 1999-2000 gave rise to some hopes, with the establishment by the United Nations of what is now called the United Nations Integrated Peace-building Office in Guinea-Bissau (UNIOGBIS), and the provision of emergency assistance by IMF and the World Bank. However, hopes were undermined by continued poor governance, and the response of the international community resulted in an increase in the country’s isolation: IMF suspended assistance while the African Development Bank and the World Bank cut back their programmes. The contraction of real GDP in 2002-2003 was followed by a coup d’état. In 2009, the country was plunged into further turmoil with the assassination of its President. In consequence, Guinea-Bissau remains deeply entrenched in a vicious cycle of conflict and poverty.

Notwithstanding the progress made by the international community during the MDG era with respect to supporting conflict-affected countries in their transition from conflict to peace and development, daunting challenges remain regarding the capacity to provide sufficient, timely and effective support on an international scale to a large number of conflict-affected countries. Such support can enable them to extricate themselves from a vicious spiral of conflict, poverty and environmental vulnerability during the post-2015 era.

Forging a renewed global partnership for post-2015—one that complements and strengthens national efforts in conflict-affected countries—is imperative for scaling up support and providing more coordinated, specialized assistance so as to promote good governance and capable institutions, restore confidence, reduce external stresses, and galvanize other developing countries and other stakeholders into providing support. More importantly, it would be necessary to develop an integrated and coherent policy framework at
both international and national levels to ensure peace and stability and sustainable
development.16

**Conclusion**

The MDG lessons regarding the role of governance, institutions and peace and stability in
promoting the achievement of the MDGs and the implications for the achievement of the
SDGs in the post-2015 era can be summarized as follows.

First, the role of good governance and effective institutions has been pivotal in
promoting the achievement of MDGs, although specific forms of governance practice vary
widely across countries and are determined by their political, social and economic contexts.
Peace and stability are both the enabler and outcome of development, although peace and
stability does not necessarily always mean good governance. Under the post-2015
development agenda, efforts to promote peaceful and inclusive societies and build effective,
accountable and inclusive institutions at all levels will be crucial for the achievement of the
broadly defined SDGs.

Second, effective, responsive and responsible political leadership, with a long-term
strategic vision for development, will be of paramount importance for achieving sustainable
development goals post-2015. Examples from different countries show that political
commitment and leadership are needed to galvanize the political will, transform that vision
into national strategies, mobilize resources, establish broad partnerships, coordinate actions,
motivate the actors, and ensure accountability for the results.

Third, effective coordination of policies and strategies at the national level and their
coherent implementation at national, subnational and local levels will be crucial for realizing
the sustainable development goals. Policy coordination will be particularly important for
strengthening linkages and synergies among the economic, social and environmental
dimensions of sustainable development. The experiences of the United Republic of Tanzania
in accelerating progress on MDG 6 and that of Bangladesh in achieving MDG 5 show that
effective coordination of policies and processes can deliver concrete development outcomes.
More extensive development and use of e-government platforms can strengthen policy
coordination and improve service delivery. Given the daunting challenge posed to the
integration of economic, social and environmental policies in the post-2015 era, policy
coordination and policy coherence will become even more demanding—and more critical—
for the achievement of the SDGs.

Fourth, there is strong evidence that the absence of technical capacities at national and
subnational levels, both for public financial management and for the delivery of basic public
services, impeded the realization of MDGs in many sub-Saharan countries. Looking forward,

16 See chap. VI for a more general discussion on global partnership for the post-2015 era.
more efforts will be needed to decentralize the delivery of public services through effective
administrative and fiscal decentralization and develop capacities of local governments,
particularly for resource mobilization and public financial management.

Fifth, in addition to global partnerships (see chap. VI), broad and multi-stakeholder
partnerships at national and local levels can play important roles with respect to the
achievement of development goals. Good governance requires the robust engagement of non-
governmental organizations, civil society organizations, the private sector, and regional and
international organizations. Examples from different countries show that partnerships at the
national and local levels not only enhance the voice and participation of citizens, but also
augment service delivery, enhance coordination and improve development outcomes. The
achievement of the SDGs will require strengthening of these partnerships for the purpose of
expanding available human, institutional and financial resources and improving the
management of natural resources at the national and subnational levels, so as to enable
pursuit of the goals and in turn improve the effectiveness and transparency of governance.

Sixth, strong monitoring and evaluation systems are critical for enhancing access to
information on the performance of various development actors and measuring development
outcomes. Monitoring and evaluation can be useful in enhancing budgetary and other pol-
icy and management decisions. Further efforts are needed to strengthen the authorities and
capacities of independent oversight organizations such as supreme audit institutions so as to
enhance accountability and transparency in governance, improve development outcomes and
reduce corruption. Supreme audit institutions can benefit from an expansion of citizen
engagement, to the extent allowed by their mandates, and contribute towards greater public
and social accountability at all levels in implementing the sustainable development agenda.

Seventh, efforts are needed to meet the challenges arising from the growing demand
for better, faster, more accessible and more disaggregated data needed to track progress in
achieving sustainable development goals and targets. The ongoing ICT and data revolution
and open government data can strengthen monitoring and evaluation, improve delivery of
public services and enhance development outcomes during the post-2015 era.

Eighth, the most effective policies and strategies for restoring peace and stability are
those that can reduce economic, social and environmental stresses, including natural
disasters, and mitigate the risks of conflict simultaneously, while promoting the gradual
building of a virtuous cycle between peace and sustainable development.

Ninth, once a conflict-affected country restores peace and stability, it can make
significant progress towards achieving development goals. In surmounting the fragile
conditions created through conflict and transitioning to a steady state of lasting peace,
stability, justice and prosperity, conflict-affected countries will be required to build
institutions with legitimacy and good governance. The lesson for the post-2015 period is that
good governance and legitimate institutions cannot be simply imported from other countries:
they need to be built—and built only in accordance with country-specific circumstances
through a long and gradual process.
Tenth, international support for conflict-affected countries, including through peacekeeping missions and ODA, involving international and regional organizations, and bilateral arrangements, will remain important in the areas of building coalitions, transforming institutions, and mitigating the external stresses of those countries during the post-2015 period.

Last, further efforts are needed to strengthen international capacities for providing sufficient, timely and effective support to a large number of countries, so as to enable them to extricate themselves in the post-2015 era from the vicious spiral of conflict, poverty and environmental vulnerability.
Measuring governance

Measuring governance is not an easy matter, largely because it is very hard to quantify a concept that involves human expectations and behaviour. Assessing how governance affects development outcomes is even more difficult, given that they are often interdependent. Most of the prevalent governance indicators rely on people’s perceptions, not necessarily on their actual experiences.

United Nations Development Programme’s (UNDP) Governance Indicators: A User’s Guide (2007), covering 35 (thirty-five) different types of matrices, provides comprehensive guidance on how to measure, understand and use various governance indicators. The publication includes indices and databases, such as the “Bribe Payers Index”, “Press Freedom Survey”, “State Failure Dataset”, “Political Terror Scale”, “Open Budget Index”, “Journalists Killed Statistics”, “Gender Empowerment Measure”, etc. UNDP’s Gender Empowerment Measure, for example, takes into account: maternal mortality ratio; adolescent birth rate; share of women seats in parliament; percentage of female population with at least secondary education; and female labour force participation rate to measure governance effectiveness. The User’s Guide also includes the more widely-used governance measures such as the Corruption Perception Index (CPI) by the Transparency International, Global Competitive Index by the World Economic Forum and the World Governance Indicators (WGI) by the World Bank.

Based on numerous underlying measures, the World Bank Worldwide Governance Indicators (WGI) project (see Kauffman, Kraay and Mastruzzi, 2005) presents synthetic measures for six dimensions of governance: voice and accountability; political stability and absence of violence; government effectiveness; regulatory quality; rule of law; and control of corruption. The data cover 215 countries over the period 1996-2013. The Indicators have been standardized to take on nominal values between -2.5 and +2.5, with +2.5 representing the best possible governance outcome.

The Worldwide Governance Indicators demonstrate that governance generally deteriorated across countries between 1996 and 2013, particularly in low- and lower-middle-income countries (see table V.1.1). Across all six dimensions, the number of countries in which Indicators improved was equal to that in which they deteriorated. For the sample countries as a whole, deterioration was experienced with regard to four of the six indicators, namely, voice and accountability, government effectiveness, regulatory quality and control of corruption (a). The majority of low-income countries experienced deterioration in all aspects of governance except political stability. Despite these apparently negative trends in governance as revealed by the indicators, the majority of developing countries made significant progress towards achieving the MDGs, signifying either a potential weak correlation between the Indicators and broad-based development outcomes, or weaknesses in the Indicators themselves, or both.
Footnote for Box. V.1

(a) On the other hand, the upper-middle-income group experienced improvement in the dimensions of government effectiveness and regulatory quality.

Table for Box V.1

<table>
<thead>
<tr>
<th></th>
<th>High-Income</th>
<th>Upper-middle-income</th>
<th>Lower-middle-income</th>
<th>Low-income</th>
<th>All countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Voice and accountability</td>
<td>Improved 27</td>
<td>23</td>
<td>22</td>
<td>14</td>
<td>86</td>
</tr>
<tr>
<td></td>
<td>Deteriorated 39</td>
<td>31</td>
<td>27</td>
<td>19</td>
<td>16</td>
</tr>
<tr>
<td>Political stability/absence of conflict</td>
<td>Improved 29</td>
<td>25</td>
<td>25</td>
<td>18</td>
<td>97</td>
</tr>
<tr>
<td></td>
<td>Deteriorated 33</td>
<td>25</td>
<td>23</td>
<td>15</td>
<td>96</td>
</tr>
<tr>
<td>Government effectiveness</td>
<td>Improved 34</td>
<td>29</td>
<td>20</td>
<td>12</td>
<td>95</td>
</tr>
<tr>
<td></td>
<td>Deteriorated 31</td>
<td>23</td>
<td>27</td>
<td>21</td>
<td>102</td>
</tr>
<tr>
<td>Regulatory quality</td>
<td>Improved 37</td>
<td>29</td>
<td>18</td>
<td>12</td>
<td>96</td>
</tr>
<tr>
<td></td>
<td>Deteriorated 27</td>
<td>23</td>
<td>30</td>
<td>21</td>
<td>101</td>
</tr>
<tr>
<td>Rule of law</td>
<td>Improved 39</td>
<td>29</td>
<td>25</td>
<td>16</td>
<td>109</td>
</tr>
<tr>
<td></td>
<td>Deteriorated 29</td>
<td>24</td>
<td>23</td>
<td>17</td>
<td>93</td>
</tr>
<tr>
<td>Control of corruption</td>
<td>Improved 30</td>
<td>23</td>
<td>21</td>
<td>14</td>
<td>88</td>
</tr>
<tr>
<td></td>
<td>Deteriorated 38</td>
<td>29</td>
<td>27</td>
<td>19</td>
<td>113</td>
</tr>
</tbody>
</table>
Box V.2

Corruption and the MDGs

Weak governance, that is, governance that lacks accountability and transparency, breeds abuse of power and corruption. Corruption poses a governance challenge, not only for developing countries but also for many developed economies. Combating corruption has become an urgent priority as countries, both developing and developed, strive to mobilize more public and private resources, and ensure their equitable and efficient use, so as to be able to pursue implementation of an ambitious post-2015 sustainable development agenda. There is compelling evidence that corruption undermines development. It is also the case that underdevelopment breeds corruption. Corruption discourages investment and reduces economic growth while increasing the cost of doing business. It can also increase inequality and political instability, distort prices and reduce access to public services, including education and health care (Bardhan, 1997). Corruption can also foster shirking and absenteeism among public servants who, in these cases, steal time rather than money from the government and provide poor or inadequate services.

Given that corruption is largely unobservable, there is no reliable estimate of its cost. Illicit financial flows, resulting from both corrupt practices and criminal activities, provide some estimates of corruption worldwide. In a report prepared by Kar and LeBlanc (2013) and published by Global Financial Integrity, a non-profit research and advocacy group, it is estimated that the proceeds from bribery and theft perpetrated by government officials account for nearly 5 per cent of illicit flows globally. Other sources have claimed that the proceeds from corruption account for a much larger share of illicit financial flows. The United Nations Office on Drugs and Crime (2014) has estimated that in 2014, illicit financial flows were equal to 2-5 per cent of global gross domestic product (GDP), or $1.91 trillion-$3.64 trillion, and that proceeds from bribery ranged between $95.5 billion and $182 billion, with at least half of those proceeds coming from developing countries. This being the case, developing countries lose $50 billion-$100 billion per year from corruption, an amount as high as that of ODA flows, which has a huge impact on development. This, of course, excludes the proceeds from corruption that stay within the country.

Transparency International, a global watchdog against corruption, presents analyses of the cost of corruption on MDGs. A 2010 study by the organization covering 50 developing countries found a clear-cut positive correlation between increased corruption and reduced quality and quantity of education (p. 2, chap. 2). Additional research findings from 42 countries suggest that a lower literacy rate among 15- to 24-year-olds is associated with the increased practice of paying bribes. A seven-country Transparency International study in Africa has shown that 44 per cent of parents surveyed paid illegal fees to be able to send their children to school. It is also estimated that corruption raises the price of connecting a household to a water network by as much as 30-45 per cent.
The Corruption Perceptions Index of Transparency International provides useful information for examining the possible association between corruption and the MDGs. The Index, which ranks countries on a scale from 100 (very clean) to 0 (highly corrupt), covers a number of different sectors that are pertinent to the MDGs, namely, poverty and development, education, health and water, among others. A positive correlation is expected between Corruption Perceptions Index rankings and MDG outcomes related to human development. It appears, as demonstrated in figures V.2.1 and V.2.2, that, in countries with higher CPI scores, more boys and girls complete primary education and fewer mothers die (a).

*Footnote for Box V.2*

(a) Although not shown in figures V.2.1 and V.2.2 for simplicity’s sake, countries also generally perform better in regard to a number of other MDG indicators when the perception of their corruption is relatively lower.

*Figures for Box V.2*
Box V.3

Development costs of the conflicts associated with the Arab Spring

Against the backdrop of a global financial crisis and bleak economic opportunities, a series of anti-government protests swept across Northern Africa and the Middle East in late 2010 and early 2011. The uprisings, referred to collectively by the media as the Arab Spring, soon embroiled the whole region in instability and violence, which led to protracted conflicts in the Syrian Arab Republic and Libya.

Egypt

GDP in Egypt grew at about 5 per cent on average between 2000 and 2010, but following the outbreak of political unrest, dropped to about 2 per cent in 2011-2013. Tourism, which contributes about 13 per cent of total employment in the economy, declined from a high of 14.7 million visitors in 2010 to 9.5 million visitors in 2013 and has only picked up slightly, with a total of 9.9 million visitors in 2014. The budget deficit, which had doubled from 6.8 per cent of GDP in 2007/08 to 13.7 per cent of GDP in 2012/13, remained high, at 12.8 per cent, in 2013/14. The unemployment rate jumped from an average of about 9 per cent in 2008-2010 to above 13 per cent in mid-2014. As a result of the instability, progress towards the achievement of the MDGs has suffered setbacks, with poverty rates having risen substantially, from 21.6 per cent in 2009 to 26.3 per cent in fiscal year 2012/13.

Libya

The civil conflict in Libya had its most dramatic impact on the hydrocarbons sector, with oil production having collapsed from 1.6 million barrels per day (bpd) prior to 2011 to 6,000 bpd by August 2011. After a period of high volatility, oil output reached 228,000 bpd in the second quarter of 2014. Meanwhile, per capita GDP fell from $10,000 in 2010 to less than $4000 in 2011 and, as of 2014, has not recovered. Inflation surged dramatically from 2.5 per cent in 2010 to 16 per cent in 2011, but has since moderated a bit. The situation in the country has become more chaotic, as there are now two governments: one, headquartered in the east of the country after having been driven out of Tripoli, that is internationally recognized, and a rival government, backed by the Islamist Libya Dawn militia, which is in control of Tripoli. There have been frequent military clashes between the two groups, and the United Nations is in the process of mediating between them. With no end in sight, government revenue has slumped, falling by almost 65 per cent between 2013 and 2014, which has led foreign reserves to fall by 15 per cent between January and September 2014. Given the political deadlock and conflict, the central bank has been funding a considerable portion of government expenditures out of reserves, whose stock will be rapidly depleted, particularly as global oil prices have fallen.
Syrian Arab Republic

Since March 2011, the Syrian conflict has been creating a human and development catastrophe. As of mid-2014, the conflict had caused more than 191,000 deaths, while the numbers of registered refugees outside the country and internally displaced persons reached 3.2 million and 7.6 million respectively, according to the Office for the Coordination of Humanitarian Affairs country team in the Syrian Arab Republic. Without a political solution, the situation with respect to displacements is expected to worsen in 2015. Addressing the humanitarian and protection needs of 12.2 million displaced Syrians would require US$ 2.9 billion in 2015.

Syrian GDP contracted by more than 60 per cent during 2011-2013, with a loss of $70 billion in output and $136 billion in damages to all types of capital stock. During the conflict, the consumer price index increased by 178 per cent, the price of food by about 275 per cent and the price of energy by about 300 per cent, with poorer households suffering considerably from the rising costs of living. The revenues from oil exports and tourism of the Syrian Arab Republic, which were affected by the sanctions imposed by the United States of America and the European Union, declined from $12 billion in 2010 to $2 billion in 2013, while oil output is estimated to have fallen by about 90 per cent, to only 30,000 bpd. The scarce available data suggest a contraction of GDP by about 10 per cent in 2014. Given the overall damages to capital stock and loss of human capital, it may take a generation for the economy to reach the 2010 GDP level.

The conflict has significantly reversed progress towards the MDGs. By the end of 2013, 50 per cent of the Syrian population is estimated to have been living in extreme poverty, a sharp rise from the 2005 estimate of 11.4 per cent. As of December 2014, 9.8 million persons were considered food-insecure, while water accessibility has decreased to less than half of its pre-crisis level. More broadly, the human-development ranking of the Syrian Arab Republic in the Human Development Index has fallen from “medium” to “low”.

Tunisia

The political upheaval in Tunisia is a manifestation of the vicious cycle subsisting between economic stresses and political instability and conflict. The self-immolation in late 2010 of Mohamed Bouazizi, which was the direct trigger of the ensuing revolution, was in fact preceded by the emergence of several grave economic stresses: high unemployment, inflation of food prices, and poor living conditions, amplified by others, such as corruption and lack of political freedom. The revolution, in turn, exacerbated these stresses, at least for a considerable period. The Tunisian economy had expanded by an average of 5.3 per cent per year between 2003 and 2008, before declining by 2.9 per cent in 2010. The unemployment rate had decreased from 16 per cent in the 1990s to 12.4 per cent in 2007, before it began to rise, to 13 per cent, in 2010. After the revolution, the unemployment rate spiked to 18.3 per cent in 2011, and has gradually decreased since, to 15.2 per cent in 2014. Total output contracted during the Arab Spring, falling by 1.9 per cent in 2011, but has since made a
moderate recovery, growing by about 2-3 per cent. Foreign direct investment (FDI) has fallen as well, by 26 per cent between 2010 and 2014.

***