

### CHAPTER III – POLICY CLUSTERS FOR OVERCOMING POVERTY TRAPS

As the “Millennium Development Compact” outlined, achieving the MDGs in countries stuck in poverty traps will require simultaneous public policy investments in at least six areas. The precise substance of these investments will differ by country, and individual countries will need to place particular emphasis on certain sectors, but they all must be properly addressed in order to break out of a poverty trap. Note that these public investments are presented as a necessary complement to market-friendly reforms that will promote private sector-led economic growth in poverty-trapped countries.

A core “checklist” of MDG policy priorities can be grouped under six policy clusters.

#### **1. Increased public investments in basic human needs**

Investments are required in nutrition, health, access to reproductive health services, education, water and sanitation and energy services are needed to foster a productive labour force that can participate effectively in the global economy. In the poorest countries, where GDP per capita is in the range of \$200-\$300, the necessary investments are simply too large at an absolute scale to be supported through domestic resources alone. For instance, the World Health Organization’s Commission on Macroeconomics and Health estimated that \$35-40 per person is the minimum level of expenditures required to sustain a public health system.

In a country like Mali, which has a GDP per capita of less than \$200, this would be equivalent to 20 percent of the country’s entire GDP, or roughly three times as much as is spent as a share of GDP in most rich countries. Countries generally spend more on social services as a share of GDP as their income goes up and more resources become available, so the *level* of \$35-40 per capita is simply too great for the poorest countries to afford on their own. Typically the poorest countries in Africa spend \$5-10 per capita on public health systems, so even if those expenditures are doubled, those amounts will not be adequate to maintain minimal health systems, particularly in countries being ravaged by the HIV/AIDS pandemic. To develop the necessary public systems, these countries require external resources that can only be provided by donor countries. Therefore this policy cluster needs to be built upon two components. First, it requires an assessment of a country’s social service needs in order to achieve the MDGs. Major gains in health, education and social service provision can and should be achieved well before per capita incomes rise substantially. Second, it requires an assessment of what resources can be mobilized domestically to finance the public needs and what resources must be mobilized from external sources to finance the needs.

#### **2. Increased emphasis on human rights for women and other excluded groups, with a special focus on the critical role women will play in achieving the MDG**

The second policy cluster entails a rights-based approach to poverty reduction, one in which historically excluded or disempowered groups are given a greater emphasis in policy making and are given a greater voice in decision making. This applies to ethnic and religious groups and poor people often removed from the benefits of policy-making in many countries. It applies pervasively to girls and women, who typically bear the most severe burdens of extreme poverty and who hold many of the keys to leading families out of poverty.

Many policy decisions, such as rights to land tenure and asset ownership, can benefit women and their families directly. A large majority of the world’s poor farmers are women, but in many countries they do not have the rights to own land or assets and thus are not able to invest properly

in the land they till, thus impeding desperately needed improvements in agricultural productivity. Exercise of the human right to determine the number, timing and spacing of children also ameliorates the dilution of household wealth, the gender-based dynamics of power and of economic and social participation and the capacity of family members to translate wealth improvements into quality of life gains. Similarly, education for girls can be a hugely productive investment for economic development since it affects everything from future productivity in employment to child-bearing decisions and family health outcomes. Yet education policies often pay too little attention to the specific incentives that will promote girls' enrollment, including school feeding programs and "take home rations" for girls, subsidies targeted at girls' parents, and access to separate girls' toilets in schools. Beyond the education sector, investments to prevent unwanted pregnancies facilitate longer school careers uninterrupted by domestic chores (whether as mother or as care-helper). Moreover, the global epidemic of violence against women represents an ongoing catastrophe in many societies, clearly limiting women's opportunities to make decisions, but its prevalence remains a taboo point of discussion and thus its overall effects are poorly understood.

Nonetheless, such basic attention to the needs of girls and women are crucial to reducing poverty. They are independent of, and in addition to, the need for women to be included in larger policy-making processes, where access to influence and power typically remains the domain of men.

### **3. Promotion of rural development through small farm productivity in marginal agricultural lands**

A first step in economic progress often involves increasing productivity among poor small farmers. This can happen when market forces yield agricultural advances or governments invest in research and development. Poor farming households often produce food for their own subsistence, with little left over for the market. So, increasing agricultural productivity—say, through improved seed varieties and fertilizers, as during the green revolution of the 1970s—raises household income and nutrition. It also enables poor households to invest more in their children's health and education. Many of these children end up migrating to urban areas, particularly since food needs can now be met by fewer (but more productive) farmers.

In regions where agricultural productivity per capita is stagnant and large proportions of the population are farmers struggling in extreme poverty, farm yields can be raised by introducing improved extension technologies, including better seeds, better use of fertilizers, better tillage and crop rotation systems and improved pest and soil management. It can also be raised by improving rural infrastructure through irrigation systems, storage and transport facilities. Roads connecting villages to larger market centers are also critical for agricultural development in addition to external trade. They decrease the effective cost of inputs like fertilizers and increase farmers' ease of transporting goods to markets. Long-term productivity gains furthermore require security in land-holding to protect the rights of farmers and provide them with the incentives to invest in land improvement. In sub-Saharan Africa, such improvements in agricultural technology could combine to form a necessary agricultural revolution for the region, akin to the Green Revolution that occurred in South Asia in the 1970s but never took hold in Africa. Local scientific institutions will also need to be bolstered to develop new technologies that will contribute to long-term increases in agricultural productivity.

Of course, increasing food productivity alone will not address the full effects of hunger on poverty and economic growth. "Pro-poor" agricultural investments should be coupled with other food and/or cash interventions that improve access to food for those very poor (extremely small

landholders or landless poor) who remain unable to meet their consumption needs even when agricultural productivity increases.

#### **4. Promotion of competitive urban business environments**

Even under conditions of sustained macroeconomic stability, without any special policy stimulus it is difficult for small poor countries to gain a foothold outside of the primary sectors in the world economy, particularly if they face high transports costs in trading with major markets. For many economies stuck in the production of agricultural and other commodities, a transition to urban-based manufacturing and export-orientation in the global economy requires active policy stimulus, including investments in infrastructure, open trade policies, and an emphasis on the promotion of science and technology suited to local needs. Urban infrastructure requires efficient roads, railways and, where appropriate, ports – with operations and maintenance critical to maintaining service levels. As described above, many structurally distressed regions suffer not only from weak infrastructure that is directly linked to poverty levels but also from their particularly large infrastructure needs. Landlocked countries, for instance, are highly dependent on roads and railways for transporting goods to other markets. In countries with small populations, this need is amplified by lack of internal domestic market scope and the need to link to external economies. Thus small inland countries like Burundi and Rwanda are highly dependent on their road links through Uganda and Kenya to the port of Mombasa.

In terms of broader policy environments for urban growth nodes, governments need to stimulate private firm growth. Many development success stories, such as East Asia's tiger economies, the Dominican Republic and Mauritius supported the development of non-traditional industries through tax holidays, export processing zones, special economic zones, science parks, targeted funding for research and development and infrastructure, investment tax credits, and subsidies for the imports of physical capital.

#### **5. Increased focus on rural environmental management**

Since many of the world's poorest places suffer from enormous climatic variability and vulnerability, ecological management must form a core component of any national MDG policy. In rural areas, this must include reforestation, biodiversity preservation and watershed management. In tropical and subtropical regions vulnerable to climate shocks like El Nino, the impact of long-term climate change must also be considered and planned around (as much as possible). In countries with coast lines and large bodies of water, policies must address the needs of coastal protection, fish stock protection. Investments are also needed in local scientific capacity to monitor and manage rural ecosystems.

#### **6. Increased focus on urban environmental management**

Many urban areas in low-income countries are already under extreme stress due to inadequate infrastructure and environmental services. This strain will only grow as urban populations increase dramatically in coming decades. UN projections suggest that urban populations are growing so much faster than rural populations that 95 percent (UN 2002a) of the growth in the world's population between 2000 and 2010 will be in urban areas and virtually all of this growth will be in Africa, Asia and Latin America. Thus long-term poverty reduction strategies policies must emphasis large scale infrastructure required to maintain urban environments. This includes waste treatment, garbage collection, indoor pollution control and outdoor pollution control. Many of these interventions need to be provided by tripartite partnerships between national governments, local authorities and communities. In particular local authorities or municipalities

tend to be woefully underresourced and understaffed in most low-income countries. Resources need to be allocated in line with the complexities inherent in managing large cities.

### **Additional points to help guide policymakers across the six clusters**

Across the priority policy areas listed above, decision makers need to incorporate several key principles into their MDG planning.

- **The MDG time horizon: Planning for the 2015, and beyond**

The processes of poverty reduction are complex and only proceed with considerable time. Thus planning for MDG success requires a long-term outlook. In many countries, it will take several years to lay the water pipes necessary at the scale of MDG achievement and likewise to construct the required electrical grids and fuel distribution systems and to pave the needed roads. Large scale human capital also requires several years to develop. Health care workers, teachers, and public sector managers all require training, just as schools and post-secondary institutions require intensive planning and construction. In countries where skilled workers are particularly scarce, it will take many years to train these public service professionals.

While this point might seem obvious or simplistic, it is important to stress that it is not addressed in the world's current poverty reduction processes, such as the Poverty Reduction Strategy Papers, which typically focus on a three or four year horizon. In such short-term horizons which emphasize budget monitoring and fiscal accountability, policy making is limited by perceived excessive emphasis on "capacity constraints." In longer-term planning horizons, one can ask and answer questions of how to build capacity to overcome human resource, infrastructural and management constraints. Therefore, while there is a clear rationale for three-year budget planning horizons, and of course annual budgets themselves, these horizons need to be anchored in 10-15 year national plans that outline how countries will achieve the MDGs. PRSPs and other core poverty reduction processes can then proceed within a long-term context and be adjusted over time as successes in the long-term plan are identified and weaknesses addressed.

- **Demystifying capacity constraints**

One of the most frequently-cited impediments to scaling up public investments is "lack of absorptive capacity." However, the components of capacity constraints are usually not described specifically and therefore left ambiguous regarding how they can be overcome. Moreover, even when capacity constraints are specified, it is typically within an implicit horizon of three-year constraints rather than long-term constraints. Many constraints, such as systems to train skilled health care professionals, cannot be adequately addressed within two to three years but can be addressed over longer periods. In pursuing the six policy clusters, governments need to demystify local capacity constraints by mapping out the details of how they will build up their capacity – including physical infrastructure, human capital and management systems.

When developing capacity scale-up programs, as the WHO Commission on Macroeconomics and Health (WHO 2001, pp. 69-72) outlined for the health systems, plans need to distinguish between constraints more amenable to solutions through increased financing and those where money is less the crucial obstacle. In the latter category, national governments marked by lack of planning and a lack of concern for development will pose a fundamental barrier to capacity-building. In the former category, many components of management can be further

disaggregated into differing horizons. The community-level availability of supplies and physical infrastructure, for instance, can be developed fairly quickly. Meanwhile strengthening the skill base and management practices of central government systems will frequently require sustained period of investments.

- **Differentiated assessments for rural and urban needs**

Two of the six policy clusters – on agricultural productivity and urban management – explicitly address the need to focus on the unique needs of rural and urban areas. The other five clusters must also differentiate between rural and urban needs. In social sector investments, for instance, service delivery mechanisms for rural areas will need to be based on very different strategies from those implemented in urban regions in order to reach less densely populated areas most effectively. In some areas, such as water services, entirely different technologies will be needed in rural than urban areas. In many countries rural water supply can be assured through individual dug wells (or tube wells if the water table is very low), whereas in urban areas larger scale water distribution networks are typically required. For sanitation, rural systems tend to be based on individual units, such as pit latrines, that only require local investments, while urban systems often require larger scale sewerage systems with significant core trunk infrastructure. Similarly, expanded energy service systems need to be optimized based on population density served, marginal cost of service extension and basic needs for health or productive economic activities. Urban energy demand should be mainly satisfied through connections to the central electricity grid (except for cooking needs), whereas in rural areas the focus will need to be on off-grid solutions (including microgrids and solar panels). Regarding cooking fuels, indoor air pollution is a major concern in both rural and urban regions but outdoor air pollution is primarily a concern of urban areas. As a result some cooking technologies that might be acceptable in rural areas (e.g., lignite coal stoves with gas exhausts) cannot be applied in urban areas. Road needs are also distinct in rural versus urban areas, with maintenance of essential high-traffic road corridors forming a priority for urban centers while feeder road expansion is the priority in rural areas.

- **The need for regional integration**

For many poor countries, particularly those with small populations and large structural challenges to benefiting from the global economy, national-level policy making must be integrated with regional policy making. This need is clearest in the infrastructure sector, since the transportation of traded goods requires cross-border roads and railways. As one example, landlocked Mongolia neighbors China, the world's fastest growing economy, but its railway infrastructure is problematic for trade since the two countries use different rail gauges. Shipments need to be unloaded and reloaded at Zamyn Uud when crossing the border, thus adding tremendously to transport costs. Developing a consistent rail gauge system would help Mongolia enormously. In the former Soviet republics of Central Asia, where core infrastructure was built on railway networks aimed northward to the key cities in Russia, entirely new transport networks are needed to foster integration with southern neighbors and international markets.

As another example, exports from Burundi and Rwanda, two of the world's poorest countries, are highly dependent on the Northern Corridor road to Mombassa, Kenya. Uganda is similarly dependent on the transit route (Faye et al 2003). It is likely not coincidental that exports as a share of GDP decrease progressively as one moves further inland along the main transit road – in 2001 the ratios were 26 percent for Kenya, 12 percent for Uganda, 9 percent

for Rwanda and 6 percent for Burundi. Rwanda and Uganda all face limited returns to their own infrastructural investments if Kenya does not make complementary investments in physical infrastructure. Of equal importance, these countries need to coordinate administratively to ensure border-crossing procedures are as efficient as possible and help to limit transport costs, particularly for goods with already low value-to-weight ratios.

Importantly, regional integration includes more than infrastructure coordination. It also includes regional market access in order to even, in countries with high disease burdens and high labor mobility, coordination in public health interventions. On the latter point, for instance, countries in Southern Africa with large populations affected by HIV/AIDS and large numbers of seasonal and migrant workers need to develop coordinated HIV/AIDS treatment and prevention protocols.

- **The need for energy services**

Although not included explicitly in the MDG framework, energy services are essential for achieving the Goals, and thus must be a core component of any country's national MDG plan. Energy services are required both to support the productive activities linked to economic growth and income poverty reduction and also to help achieve the other non-income MDGs. Therefore countries need energy service provision targets to meet non-income MDGs. As Box III.1 describes, improved energy fuels are crucial for reducing health risks (*e.g.*, of indoor air pollution), freeing up girls' time from fuel and water collection to enroll in school, freeing up women's time to engage in economically productive activities, decreasing the consumption rates of natural resources such as fuel wood, and increasing economic opportunities and health outcomes in urban areas. The Task Force has recently initiated a workstream on energy needs for the MDGs, developing a framework for determining electricity and cooking fuel needs, along with a range of suitable MDG-consistent technologies for rolling out these needs.

**Box III.1: The Essential Role of Energy for the MDGs**

Developing a modern energy system will be an ineluctable component of any plan that aims both to achieve the reduction of human poverty to which the MDGs aim and to position an economy or sustainable long-term growth. (World Energy Assessment, UNDP, 2000). Energy services are critical for several of the MDGs.

*Energy Services save time:*

The mechanism by which modern energy services may directly contribute to economic growth and poverty reduction is through the potential freeing up of time for other productive activities, creating the possibilities of small enterprises, enhancing agricultural productivity and replacing existing inherently inefficient biomass fuels. A recent study in rural India (ESMAP 2002) found collection time for wood to be 37 hours/month.

Rosen and Vincent (1999) report that households (primarily women) spend an average of 134 minutes/day collecting water, and that the time saved by bringing water supplies closer to households is likely to dominate estimates of the benefits of improving rural water supplies. Modern energy services through use of electric or fuel-operated pumps can make it easier to bring water supply closer to home.

**Box III.1 (continued)***Energy and Education*

For school-age girls modern energy services could mean more time to go to school and time for after-school study. King and Alderman (2001) summarize studies that show that in Ghana, Tanzania, and Zambia, women account for two-thirds, and children—mostly girls—spend between 5 and 28 percent, of household time devoted to water and fuel collection. They also report that investments in time-saving infrastructure benefit all household members, and girls in particular as in rural Morocco where having wells or piped water increases the probability that both girls and boys will enroll in school.

Schultz (1993) also suggests that girls are constrained in their schooling in part by the demands placed on their time and suggest that the use of electricity and refrigeration could reduce households' dependence on the labor of girls. Reflecting the complexity of the problem Glick and Sahn (1999) argue that an increase in incomes is also an important factor since even when electricity access is available in urban areas, domestic work obligations continue to limit female schooling for the very poor.

*Energy and Health*

There is also increasing evidence that the use of solid biomass fuels for cooking in indoor environments, especially in poorly designed stoves and in inadequately ventilated spaces can lead to an increased disease burden. Once again where women, including mothers with young children, carry out disproportionate amount of cooking activity they are also likely to share a disproportionate disease burden. There has been substantial recent progress made in measuring, examining, documenting and attempting to identify quantitative links between use of solid cooking fuels and the associated disease burden<sup>13</sup>.

Smoke produced during the combustion of solid fuels contains a number of pollutants such as particulates, carbon monoxide, benzopyrene, formaldehyde, and nitrogen dioxide. In households with limited ventilation (as is common in many developing countries), exposures experienced by household members, particularly women and young children who spend a large proportion of their time indoors, have been measured to be many times higher than health-based WHO guidelines and national standards (Bruce et al. 2002; Smith et al 2003). Exposure to small particulates (smaller than 10 microns in diameter) is believed to be a risk factor for acute respiratory infections (ARI) and acute lower respiratory infections (ALRI). There also appears to be association of exposure with chronic bronchitis [assessed by symptoms] and chronic obstructive pulmonary disease [COPD - progressive and incompletely reversible airways obstruction] particularly among women. Smith et al (2003) also report evidence from China on increased evidence that exposure to coal smoke in the home markedly increases the risk of lung cancer, particularly in women. Evidence, though tentative, of possible risks of other important child and adult health problems, such as low birthweight babies and cataracts in adults is also reported.

*Choosing Technologies*

Determining which energy services are “MDG-compatible” defines the range of interventions governments can take to facilitate the realization of the MDGs. For lighting, electrical lighting,

<sup>13</sup> Several leaders in this field, Kirk Smith, Dan Kammen, Majid Ezzati and Nigel Bruce to name a few have carried out much of the work and reviewed recent progress. Moreover organizations such as the WHO and the World Bank have also actively tried to document these linkages

**Box III.1 (continued)**

LPG gas lamps and kerosene hurricane lamps are all MDG compatible as they are clean burning and adequately luminous to allow family members to read and perform basic productive tasks at night (such as sewing, weaving or de-husking). For cooking energy services, criteria for MDG-compatibility are the impact on air pollution, the efficiency with which the energy is converted into useful heat for cooking, and the burdens imposed on both people and the environment in fuel collection. In many countries, a vast majority of residents, especially in rural areas, cook with unprocessed biomass fuels such as agricultural residues or wood using traditional three-stone fires. A number of interventions have been studied and implemented to reduce household exposure to indoor air pollution. In the absence of switching to LPG and kerosene the most widely implemented one is the promotion of improved stoves that emit fewer pollutants than traditional stoves. Other interventions include improving household ventilation, promoting practices that reduce fuel use, and altering childcare practices to keep children away from the kitchen during cooking times.

In addition to these lighting and cooking interventions, the undeniable comparative advantage of electrification as a platform for sustained economic growth warrants special consideration. Electricity's greatest advantages are its versatility, scalability and low marginal usage cost. Whereas providing an LPG lamp and cooking stove can provide cheap and clean cooking and lighting services, electricity can additionally power communication equipment such as radios and televisions, simple engines such as sewing machines for productive purposes, or a fan to provide ventilation for the sick. Similarly, electricity is remarkably scaleable—a household with access to grid-connected electricity can easily and cheaply add bulbs to light additional rooms, and add additional sockets to power devices. Providing incremental energy through electricity is also much cheaper (once the initial connection cost has been paid)—for example, providing light in an additional room costs at least three times more using kerosene or LPG, than it does with electricity.

Gas and LPG produce far less potentially detrimental emissions at least to the immediate user than wood or dung. There are numerous benefits to switching to modern cooking fuels such as LPG including reduced daily transport effort. The overall scale of the problem is manageable and not limited by world resources or by GHG emissions. The scale can be recognized by Kirk Smith's (Science, 2002) observation that "even if all 2 billion people shifted to LPG for household fuel, it would add less than 2% to global greenhouse gas (GHG) emissions from fossil fuels. In terms of human health, a shift to LPG would actually result in a net reduction of human exposures to air pollution that would be substantially larger than today's total exposure from all fossil fuel emissions".

*Sources: Ezzati, M. and D.M. Kammen (2002) "Evaluating the Health Benefits of Transitions in Household Energy Technologies in Kenya," Energy Policy, 30 (2002), pp. 815-826; McKinsey and Company (2003), Background note for Millennium Project; Warwick, Hugh and Alison Doig (2004) "Smoke—The Killer in the Kitchen," ITDG; Modi, Vijay,(2003) "Energy and the role of roads and transport for rural development: Interim Report," Task Force Background Note.*



- **Core macroeconomic constraints – including debt and vulnerability to external shocks**

Low-income countries are typically bound by macroeconomic envelopes that were established without alignment to the MDGs. Most countries are therefore used to developing macroeconomic frameworks based on very tight constraints, due either to constraints imposed through structural adjustment financing or even through debt relief programs. To achieve the MDGs, governments need to assess their policy goals not in terms of the resources currently available, but in terms of the resources needed to achieve the MDGs. They must then work with international financing partners, including the IMF and World Bank, to develop the new macroeconomic framework that will allow MDG achievement under conditions of macroeconomic stability. For heavily indebted poor countries (HIPCs) in many instances this would imply a full cancellation of past debts based on the need to invest in the MDGs, instead of the current system of monitoring debt performance based on the entirely arbitrary ratio of debt to exports. As just one example of the many weaknesses to this indicator, the debt relief “performance” of HIPC countries exporting primary commodities is linked explicitly to fluctuations in world commodity prices. Thus if an African country exporting coffee sees the world price of coffee decrease due to the entry of new producers and thus the value of its exports decrease, its debt to export ratio shoots up with no change in the debt level.

They would also include assessments of vulnerability to external economic shocks and identification of social safety nets that might need to be implemented to support vulnerable groups. As Annex 1 outlines, social safety net instruments need to be implemented before crises occur, with a particular focus on protecting a country’s poorest people. During crises, social spending for vulnerable groups needs to be maintained and key programs protected. Poor people’s short term income support and access to social services during economic crisis can be planned for in national budgets, alongside important institutional design issues. As Annex 2 outlines, macroeconomic policies also need to focus on labor-intensive strategies that increase opportunities for employment, particularly of young people.

- **A Focus on Conflict Prevention**

Low-income countries also need to attend to managing and preventing social tensions that can lead to conflict and thus exacerbate poverty. However, studies of conflict onset suggest more specific recommendations for conflict prevention that have implications for the types of policies that should be selected to achieve the MDGs. This includes a focus on<sup>14</sup>

- **Distribution.** Large scale violent conflict requires political organization. This in turn typically requires that disaffected groups can organize around identity categories—around region, ethnic group or religion. The structuring of disaffection around such categories facilitates the organization of violence, but it can also lead to social polarization and greater likelihoods of extreme violence. Avoiding polarizations of this form requires that policies be selected as a function not just of their impacts on poverty but in light of their distributive impacts on politically relevant categories. In the case of

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<sup>14</sup> Many further recommendations have been developed by the Carnegie Commission on preventing deadly conflict (<http://www.wilsoncenter.org/subsites/ccpdc/index.htm> ) and the Global Action Program ( [www.globalactionpw.org](http://www.globalactionpw.org) )

growth-enhancing policies that are likely to produce regional inequalities, there are two types of responses: either provisions should be made to provide compensatory, although possibly inefficient, investments in disadvantaged areas; or steps should be taken to facilitate migration to growth areas and return of remittances. The aim of mitigating the effects of uneven development can be further facilitated by tracking the progress towards achieving the Goals for different groups in at-risk countries.

- **Promoting Budget Transparency.** The grievances that give rise to conflict often derive from perceptions of corruption by governments or beliefs that control of the state provides large private benefits. The best way to counter these grievances is for the institution of more transparent budgetary processes. Promoting budget transparency is also a key measure in directing resources towards the attainment of goals instead of towards supporting of private interests. Human Rights Watch, for example, has estimated that 4.2 billion dollars in state oil revenue went missing from Angolan government coffers between 1997 and 2002. In cases like Angola, publication of payments to government requires cooperation of both governments and international corporations and can lead both to lower levels of grievance and more efficient public investment.
- **Strengthening Political Institutions.** MDG policies should, when possible be used to strengthen political institutions rather than avoid them. The principle aim is to strengthen institutions rather than the people who head them. Essential to state strength, and to the control of the state by citizens, is the development of strong linkages between taxpayers and state structures. In the context of the MDGs the chief concern is to ensure that increases in aid flows should not result in the weakening of institutions for domestic taxation. Other priority sectors for state strength include transportation linkages, especially road infrastructure, local police services and linkages between local and national authorities. Projects and proposals touching on these areas should be evaluated in light of their impacts on institutions of state.
- **Tackling the Arms Trade.** There is an inconsistency in the fact that wealthy countries focus on conflict prevention and resolution yet continue to be major sources of poorly regulated arms flows to at-risk countries. Present policies to tackle illicit arms sales are failing. Besides normal police work, there is a need for better monitoring of the sale of arms by producer countries via the standardization of end user certificates. This monitoring should be accompanied by the compilation and publication by the UN on violations of end-user certificate provisions.
- **Monitoring of Conflict Risks.** Support at the national level for achieving the MDGs should take account of future conflict risks in recipient countries. Awareness of these risks can allow for MDG policies to take special account of their implications for conflict as well as of their expected effects on at-risk groups. Multiple early warning programs exist ranging from political risk assessments, that monitor risks to central government, to Demographic Information Monitoring systems that can be used to identify the timing of the arrival of large cohorts in vulnerable age groups that are associated with conflict. National MDG programs should take explicit account of concerns raised by these programs regarding high risk regions in their countries and indicate how proposed MDG policies will impact on conflict risks that have been identified.