

Executive Summary

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Introduction

There are two premises underlying this volume. The first is that two concepts, i.e., “inclusiveness” and “resilience,” are of paramount importance in framing the post-2015 agenda, based on an analysis on what has been achieved and what has not under the MDG framework. As these two concepts have increasingly become the focus of attention in international development discourses, we would like to contribute to the debate by sharing our views, backed by research and based on JICA’s practical experiences on the ground.

Another premise of this volume is the centrality of the concept of human security in framing the post-2015 agenda. It was in the course of our enquiry into inclusiveness and resilience that we came, gradually, to realize the conceptual closeness among the two concepts “inclusiveness” and “resilience,” and human security. Thus Chapter 4 is a summary of our conceptual framework that tries to connect them, arguing that human security could work as a guiding principle of the post-2015 development framework if we want to achieve inclusive and resilient development.

Main Messages

The main messages that have emerged from the eight chapters can be summarized in four points, as follows:

- 1 The central challenge is to end poverty through economic growth.
- 2 The quality of development matters.
 - 2.1 Development must be inclusive.
 - 2.2 Societies must be robust and resilient against various shocks.
 - 2.3 Challenges in fragile states warrant special attention.
- 3 The human security concept can provide a guiding principle of the post-2015 development framework.
- 4 Comprehensive approaches are required for the achievement of various goals.

Below is a summary of each of these four contentions.

1. The central challenge is to end poverty through economic growth.

- 1.1 While the current MDG framework has resulted in impressive achievements on many fronts, there remain tremendous challenges of completing the unfinished business. Obviously the most notable among such remaining goal is the eradication of absolute poverty. A considerable 24% percent of the world's population, amounting to more than 1.2 billion, are still living a life of abject poverty, living on less than \$1.25 a day.
- 1.2 As Sapkota and Shiratori (Chapter 1) highlight, the degree of achievements in poverty reduction varies a great deal across countries, meaning that there are indeed a number of countries and areas lagging far behind. The two main areas lagging behind are South Asia and Africa, where poverty only declined to 36% from 53.8%, and to 47.5% from 53.8%, respectively, during the period between 1990 and 2008. Assuming, so far, that poverty reduction has mainly lifted those who were just below the poverty line out of poverty, the remaining challenges in poverty reduction in the decades to come are likely to be even more daunting than the ones that have been dealt with thus far.
- 1.3 Literature shows that there is a strong and positive correlation between a country's economic growth and poverty reduction, and that very few countries that have experienced negative economic growth rates have still experienced income growth of the poor. It therefore seems possible to believe that economic growth provides a critical impetus for poverty reduction.¹ Thus, if the post-2015 development framework is to aim at substantial further poverty reduction—World Bank President Jim Yong Kim recently called for a commitment by the international community to end extreme poverty by 2030—we need to assure steady and substantial economic growth. But how much growth is needed to reduce poverty as much as we want? Even if we can assume that a one per cent increase in per capita income will reduce poverty by 1.7 per cent on average,² a great deal of growth will need to occur.³

1. Dollar and Kraay (2002).

2. Operationalizing Pro-Poor Growth (OPPG) Program (2005).

3. Bluhm, de Crombrughe and Szirmai (forthcoming) estimate that even with with optimistic growthscenarios, our world will have a poverty rate of approximately 10% globally in 2030.

2. The quality of development matters.

What makes our task even more daunting, however, is the fact that economic growth alone will not bring about the *kind of development* we want. First, economic growth does not automatically result in poverty reduction; we need to remember that economic growth is a necessary, but not a sufficient, condition for poverty reduction. We must therefore make sure that the fruit of economic growth translates into poverty reduction, and that growth does not result in intolerable degrees of social and economic inequalities.

And second, growth needs to be sustained over the long term in order to help countries and people emerge out of poverty. What sub-Saharan Africa needs, for example, is not only growth but *sustained* growth over an extended period of time.⁴ Here again, let us remember that lower net inequality is reported to be robustly correlated with faster and more durable growth, for a given level of redistribution.⁵ *Equitable* growth can indeed help *sustained* growth.

2.1 Development must be inclusive.

2.1.1 Based on the above points, we argue that the post-2015 development framework must aim at growth that does not result in unjustifiable levels of inequality in income. The objective of reducing inequalities is one of two essential components of what we call “inclusive” growth (or development), essentially meaning the type of growth (or development) that leaves behind as few people in society as possible.

2.1.2 Going beyond the concept of equality in terms of income, Kozuka (Chapter 5) proposes another necessary condition for growth (or development) to be called inclusive. Drawing on the idea developed by Roemer (1998), he defines inclusive development as development that enhances people’s well-being through advancing equality of opportunity for all members of society, with particular attention to the poor, the vulnerable, and

4. It must be remembered that even supposing a continued growth of around 5% for over 30 years, the average per capita GDP of Sub-Saharan Africa in 2030 is estimated to linger around \$4,000, and the percentage of the population with daily income of less than \$1.25 will only decrease from 44.15% in 2010 to 37.77% in 2040 (African Development Bank 2011).

5. Berg and Ostry (2011).

those disadvantaged groups normally excluded from the process of development. Kozuka contends that inequalities of outcome of development, including inequality in income, may be acceptable as long as they are the result of differences in the degree of effort committed by different individuals. However, if inequalities of developmental outcomes are caused by differences in opportunities, then Kozuka argues that policies need to be introduced to redress such inequalities and to level the playing field.

- 2.1.3 Kozuka specifically highlights the importance of such domains as education and early childhood development, because they are fundamental in building people's physical and cognitive capacities, and hence any serious inequality of opportunity in these areas will exacerbate inequality in their future. He therefore goes on to emphasize the crucial importance of achieving universal primary education, assuring basic literacy and numeracy for every child, along with education of children with disabilities and the improvement of secondary school enrollment in low-income countries.
- 2.1.4 While Kozuka focused his discussion on the importance of education, his argument can also be extended to justify or call for stronger support in other basic social sectors such as health and nutrition, as they both serve equally importantly to provide everyone with a level playing field. Thus the call for the development of Universal Health Coverage can very well be justified on this ground. Nutrition too warrants greater attention in the new-generation development framework, given the less-than-desirable performance in achieving Goal 1C: halving hunger from 1990 to 2015. His argument also demands that disadvantaged segments of society must be given a level playing field. Thus the importance of education, health, and nutrition cannot be overemphasized in view of assuring a level playing field to everyone, something demanded by the concept of inclusive development.
- 2.1.5 The chapter by Lamichhane, Paudel and Kartika (Chapter 6) provides evidence in support of Kozuka's argument. Using the nationally representative dataset of Nepal, this paper demonstrates that figures for poverty headcount, incidence, and severity are higher among people with disabilities compared to

their counterparts without disabilities. This indicates that vulnerable people are likely to fall into the poverty trap. However, the paper, rather strikingly, found that persons with disabilities receiving at least 10 years of schooling are likely not to be poor. This latter finding seems to support Kozuka's contention by suggesting that if given appropriate opportunities, even those people generally considered vulnerable—like people with disabilities—can very well attain a life of decency.

2.1.6 In addition to inequality among individuals, regional inequalities can also be a serious issue, the most important of which are inequalities between rural and urban areas. Sapkota and Shiratori (Chapter 1) report that, generally, a majority of countries have experienced a higher rate of poverty reduction in urban than in rural areas. This suggests, just as argued by the IMF, that “rural areas remain a huge challenge—one that underscores the importance of policies that can improve rural livelihoods.”⁶

2.1.7 Finally, as vividly demonstrated by recent as well as numerous historical events, inequality among people and regions has often resulted in social and political turmoil. A research project by the JICA-RI has reported that inequalities among social groups (also known as “horizontal inequalities”) sometimes lead to social and political unrest.⁷ Therefore measures to address inequalities among people and groups within and across countries can be justified not only on ethical grounds but also for practical reasons.

2.2 Societies must be robust and resilient against various shocks.

2.2.1 The data analysis by Sapkota and Shiratori (Chapter 1.) highlights that progress toward the MDGs has been critically hindered by shocks and crises such as natural disasters, man-made disasters, economic and financial crises, and conflicts. The next generation development framework must establish ways to deal with shortcomings in the current MDGs by finding ways of building up societies and communities to be better-prepared to deal with these external shocks.

6. IMF (2013).

7. Mine and Katayanagi (2013).

2.2.2 While providing some more details on the magnitude of hindrances caused by various shocks, Chapters 1 and 2 draw our attention to the fact that no poor or fragile countries affected by armed conflict have achieved a single MDG. In addition, millions of people around the world fell into poverty in the aftermath of natural disasters (such as floods, tsunamis and earthquakes) and economic crises such as the 2000-2001 Turkish financial crisis, the 1997 Asian financial crisis, the 2008-2009 global economic crisis and the 2008 global food crisis. These conflicts and crises bring not only life-threatening challenges to the population of the affected areas but they also reverse the cycle of poverty reduction – poor people tend to be disproportionately affected by such crises, as they are more likely to live in risk-prone areas.

2.2.3 The forthcoming post-2015 global goals, therefore, will only be complete if they are administered with due consideration for our society's ability to mitigate and cope with these downside risks. It is with this recognition that some scholars have already started arguing to address various risk factors by setting resilience goals in the post-2015 development framework.

2.2.4 Shimada (Chapter 7) proposes a resilience framework in which resilience is defined as the ability of social units (government, local administrations, organizations, and communities) to mitigate and carry out recovery activities in ways that minimize social disruptions. Chapter 8, also by the same author, examines the process of recovery and reconstruction in Kobe, Japan, in the aftermath of the Great Hanshin Awaji Earthquake in 1995 and argues that society can be more resilient when it has strong social capital.

2.3 Challenges in fragile states warrant special attention.

2.3.1 Development of the countries generally categorized as fragile states should constitute a central pillar in the upcoming development agenda, and this is with good reason. As Murotani (Chapter 2) states, MDG achievements are painfully slow in fragile states, no matter how the term is defined. Statistics show that no fragile states or conflict-affected countries are expected to achieve a single MDG goal by 2015 (World Bank 2011), a fact

that fully warrants international support to such countries in their pursuit of poverty reduction.⁸

2.3.2 Looking into the future, the majority of the world's poor is likely to be found in fragile countries. Based on a literature review, Murotani (Chapter 2) highlights how fragile states and poverty issues will take an entirely different shape in the future: while only 20% of the world's poor lived in fragile states in 2005, this share will exceed 50% in 2014, and the share of the world's poor in fragile states will be close to two-thirds in 2030.⁹ In addition, many of today's fragile countries already are or will become middle income countries. These two prospects imply that the poverty issue in the post-2015 era will be quite different from the one that we have been familiar with, where the majority of the world's poor people were living in poor but stable countries.

2.3.3 Absolute poverty lingering in middle-income yet fragile countries can have several implications. Greater levels of income disparity within the countries can undermine the legitimacy of governments and hence the social and political stability of countries. And the governments of fragile states are, by definition, likely to be less than effective in addressing or unwilling to address the poverty issue appropriately.

3. The human security concept can provide a guiding principle.

3.1 As stated earlier, this volume is premised on the understanding that the concepts of inclusive development and resilience are conceptually quite akin to the human security concept. Murotani (Chapter 4) attempted to verify this assumption, as follows. First, putting people at the center, the concept demands attention not only to the national average but also to inequality within states. In other words, while the human security concept presupposes the need for economic growth because protection and empowerment require a certain level of public goods provision and private sector activities, the concept demands that growth be *inclusive* in income distribution and equitable in terms of opportunity. Second, as the

8. One must note, however, that while fragile states are clearly lagging behind in achieving many of the MDG goals, their absolute and relative performance in MDG indicators is not worse than non-fragile states. The reason that most of the fragile countries are failing to achieve the targets is that they simply started very low.

9. Based on Chandny et al. (2013).

human security concept highlights the importance of people's preparedness to manage downside risks, it encourages community and individual empowerment to engage in activities for the prevention and mitigation of risks, urgent responses to sudden shocks, and recovery from damage. All these point to the importance of *resilience*.

- 3.2 As Murotani notes, this volume is not the first to advocate for the centrality of the human security concept in the post-2015 development framework. For example, Koehler et al. (2012) have already proposed the human security concept as a conceptual framework for the post-MDG agenda. As the Report of the Secretary General in January 2014 made clear, “[b]y focusing our efforts on advancing the interconnected pillars of peace and security, development and human rights, human security provides the people-centred approach by which to comprehensively address the totality of the challenges we face and to translate our efforts into actions that give rise to more effective and tangible improvements in the daily lives of people.”¹⁰ The concept can provide broad relevance to the post-2015 development agenda, Murotani highlights that there are five principles that the concept demands be incorporated in the agenda. They are: a focus on extreme difficulties or dangers, emphasis on preparedness, a multi-sector and comprehensive approach, the mobilization of multiple actors in addressing various developmental challenges, and balancing the social, economic, and environmental dimensions of sustainability.
- 3.3 However, being comprehensive, multi-dimensional, and often subjective, the human security concept is a concept not easy to translate into specific goals or performance indicators. What it does demand, rather, is that goals and indicators should address not only the national level statistics, but should capture the situation of every individual (in order that no one is left behind), monitor the multi-sectoral development progress comprehensively, and encourage preventative measures against downside risks.

10. United Nations (2014).

4. Comprehensive approaches are required for the achievement of various goals.

- 4.1 As the debate on the post-2015 agenda intensifies, so does the deliberation on goals and indicators. While setting appropriate goals and indicators is undeniably important, we must remind ourselves of several intrinsic limitations of goals and indicators. First, though obvious, no matter how comprehensive a set of goals and indicators we aim at, we may never be able to capture the whole complicated developmental process.
- 4.2 Moreover, there are important cross-cutting factors that, however important, do not appear either as goals or indicators. For example, one important development driver that has only scarcely been covered in the current MDGs is infrastructure, with the sole exception of safe drinking water and basic sanitation treated under Goal 7 (Target 10). This seems reasonable: the MDG goals should include only objectives that are truly worthy of being treated as goals, rather than things that work more as means to ends.
- 4.3 Having said that, we cannot but emphasize important multi-faceted impacts of infrastructure development, especially for transport and power, in addition to water and sanitation. Sapkota (Chapter 3) revealed that infrastructure such as access to electricity, access to clean drinking water sources, and road density have significant positive impacts on the Human Development Index (HDI), and particularly, that road density is positively correlated with the income index of countries. Thus he argues that eradication of all forms of infrastructure poverty (defined as “lack of access to infrastructure services”) is a necessary condition to eliminate human poverty sustainably.

At the more micro level, another study has revealed that improving the rural water supply system has resulted in the improvement of girls’ school enrollment.¹¹ Other studies refer to the effect of irrigation infrastructure development on social capital formation.¹² Furthermore, road development has effects on income, and water supply development on sanitation and body weight of children in poor households.¹³

11. Yuki (2008).

12. Shoji et al. (2010).

13. Yamauchi et al. (2010).

- 4.4 Thus, infrastructure development is an act of capital formation that can result in a wide variety of positive developmental impacts, and yet, being a means to ends, infrastructure development *per se* should not be eligible for entry onto the list of global development goals. This does not mean, however, that consistent effort toward infrastructure development is of lesser importance.
- 4.5 The above argument—that there are factors that are intrinsically difficult to capture as goals—reminds us of another important consideration in policy making: that is, goals and targets must not be taken as uniformly pre-determining the desired policy interventions to address them. For example, the goal of improving school enrollment for girls might justify such direct policy options as construction of more schools with latrines for girls, promotion of CCTs, and training of women teachers. While these are all legitimate policy options, there are many other and equally reasonable policy approaches, such as rural roads and water supply development, just to name a few. The choices between these policy options must be left to the decisions of political leaders in each country, based on the contexts and resource availability.

Chapter summaries

Chapter 1: Achieving the Millennium Development Goals: Lessons for Post-2015 New Development Strategies (Jeet Bahadur Sapkota and Sakiko Shiratori)

Using a MDG Database from the World Bank, this paper attempts an assessment of progress towards key indicators between 1990 and 2010. This study also examines how different initial conditions have affected the speed of progress and how overall improvement does not necessarily mean the narrowing of inequality within and/or across the countries involved. It illustrates in particular that low-income countries and fragile states are lagging behind in MDG performance. It concludes by suggesting that two new concepts be incorporated in the post-2015 development strategy: inclusive development and resilient society.

Chapter 2: The “Fragile States” Agenda in the Post-2015 Development Framework: Significance and Caveats (Ryutaro Murotani)

This chapter tries to identify how countries often referred to as fragile states are performing in the current MDGs achievements and what kind of consideration, if any, they deserve in the decades to come. Based on a quick review of the literature, the chapter concludes that fragile states are indeed poor performers in terms of the MDGs, and that the poor population in the post-2015 era will be concentrated in those countries. It goes on to suggest, however, that it is difficult to design a common framework in the post-2015 framework to address various challenges of fragile states, as the countries are too diverse to be eligible for any uniform policy considerations. It also warns that fragility exists not only in countries often labeled as such, but at sub-national levels in many other countries considered to be stable. The paper also emphasizes the importance of preventive measures to avoid countries falling into fragility.

Chapter 3: Access to Infrastructure and Human Development: Cross-Country Evidence (Jeet Bahadur Sapkota)

This paper attempts to fill the gap in the currently limited available empirical literature concerning the impacts of infrastructure on human development. This study assesses the impacts of several infrastructure variables (access to electricity, access to clean drinking water sources, and road density) on the human development index (HDI) and its three component indexes (i.e., health, education, and income) using the panel data of 1995 to 2010 covering 91 developing countries. The estimation resulted in revealing that all three infrastructure variables have significant positive impacts on HDI. Thus it goes on to argue that eradication of all forms of infrastructure poverty (defined as “lack of access to infrastructure services”) is a necessary, if not sufficient, condition to eliminate human poverty sustainably.

Chapter 4: Realizing “Human Security” in the Post-2015 Era: Principles to Promote Inclusive Development and Resilience (Ryutaro Murotani)

The chapter starts with the premise that inclusive development and resilience are two key perspectives that were not sufficiently

captured in the current MDGs framework and that they should be incorporated into the post-2015 agenda. It argues that these two perspectives are interrelated, and that they can be integrated through the concept of human security, because those who are excluded from development progress tend to be more vulnerable to downside risks, and vice versa. The paper then argues that if the post-2015 development framework intends to make sure that no one is left behind, the human security concept must be its guiding principle. It considers some of the important implications that the concept offers: a people-centered perspective, a comprehensive approach in development, and context-specific, prevention-oriented policies that emphasize both protection and empowerment of the people.

Chapter 5: Inclusive Development: Definition and Principles for the Post-2015 Development Agenda (Eiji Kozuka)

This paper attempts to define the concept of inclusive development and discusses how it can be incorporated into the post-2015 development agenda. Employing the ideas formulated by modern egalitarian philosophers, such as Dworkin and Roemer, the paper defines inclusive development as development that enhances people's well-being through advancing equality of opportunity for all members of society, with particular attention to the poor, the vulnerable, and those disadvantaged groups normally excluded from the process of development. Based on this recognition, the paper then proposes that to advance inclusive development, greater focus must be placed on education, early childhood development, employment, and infrastructure.

Chapter 6: Analysis of Poverty between People with and without Disabilities in Nepal (Kamal Lamichhane, Damaru Ballabha Paudel and Diana Kartika)

More than two-thirds of the total population of people with disabilities live in low and middle income countries and comprise one of the poorest and most marginalized groups in society. However, due to the dearth of data, research on disabilities and poverty is rare. This paper intends to help fill this void by examining the factors related to the poverty of people with and without disabilities in Nepal, using a nationally representative

dataset, the Nepal Living Standard Survey (NLSS-2010/2011). Results show that poverty headcount, incidence and severity are higher among people with disabilities compared to their counterparts without disabilities, indicating that they are more vulnerable to falling into the poverty trap. One striking finding is that persons with disabilities receiving at least 10 years of schooling are found to be not poor, justifying the greater need for investment in the education of individuals with disabilities. This and other findings therefore suggest the importance of addressing the issue of persons with disabilities and other marginalized groups in development efforts to reduce poverty and to make development inclusive and sustainable.

Chapter 7: Resilience and Social Capital (Go Shimada)

This short paper discusses the concept of resilience. Recognizing that the term has been used in different contexts and with slightly different meanings, it proposes a resilience framework that defines resilience as the ability of social units (government, local administrations, organizations and communities) to mitigate and carry out recovery activities in ways that minimize social disruption.

Chapter 8: A Quantitative Study of Social Capital in the Tertiary Sector of Kobe: Has Social Capital Promoted Economic Reconstruction Since the Great Hanshin Awaji Earthquake? (Go Shimada)

This paper examines how social capital has worked in the process of recovery and reconstruction in Kobe, Japan, since the Great Hanshin Awaji Earthquake in 1995. The paper focuses on the tertiary sector of Kobe because, prior to earthquake, the sector accounted for 80% of employment, which is the most important factor for reconstruction in the mid- and long-term. Since the earthquake, there has been a structural shift from the secondary sector due to the damage caused by the earthquake. The paper proves that both bonding and bridging social capital are important factors for employment. This finding provides empirical evidence for the on-going debate on how to rebuild Tohoku.

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