Book Review: Financing Human Development in Africa, Asia and The Middle East by Rob Vos and Marco V. Sanchez

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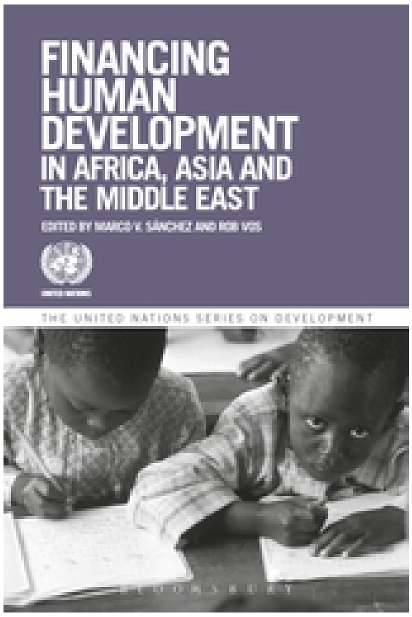
*This book lays out possible financing strategies for policymakers working to meet United Nations' MDG targets. Featuring rigorously examined case studies from Africa, Asia and the Middle East, this book takes a detailed approach that ensures the policies suggested are relevant to the wider developing world, writes **Ram Mashru.** The book arrives at the cusp of a new phase in development, in which the big question is institutional reform and in which the relevance of the MDG framework is passing.*

Financing Human Development in Africa, Asia and The Middle East. Rob Vos and Marco V. Sanchez. Bloomsbury Academic. August 2013.



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With one year to go before the Millennium Development Goals (MDGs) deadline is reached, the UN-backed development targets have come under increasing scrutiny. As Ricardo Hausmann, director of Harvard's Centre for International Development wrote last year, the framework is "deeply flawed": the MDGs "wrongly set the same goals for all countries" anc prescribe "an ineffective co-ordination mechanism."

Financing Human Development in Africa, Asia and the Middle East , authored by two UN-trained economists as part of the UN's Series on Development, is only partially sensitive to these criticisms. The book aims to offer "feasible financing strategies" for policy makers seeking to meet MDG targets. Where they recognise Hausmann's critique is in exploring nine country case studies, and it is this context-specific analysis that gives the book its USP. As they acknowledge in the opening summary, "this type of integrated analysis of macroeconomic and social policy options has not been conducted with similar rigour or country coverage."

The countries range from South Africa (a member of the dubious category, the BRICS) to Yemen (a putative failed state). The choice of sample is well defended, reflecting the "varying degrees of human development progress" and the many "challenges" observed across the developing world. The book boasts dozens of expert country specialists as contributors.

The authors pose three questions. First, how much progress towards the MDGs would countries make under unchanged financing policies? Second, how much would any efforts to meet the targets by 2015 cost? Finally, how can these additional costs be feasibly financed? This last question is key. As the authors note, raising extra finance in the midst of a global downturn is likely to be tough, and development spending comes with a host of economic repercussions.

Most policy-focussed development studies focus on particular sectors in particular countries. This can offer useful insights when considering whether X policy option is appropriate for Y development goal. But when the aim is "reducing poverty and improving human welfare", a "more ambitious strategy is required". It is for this reason that the authors combine micro-sectorial empirical evidence with a macro, economy-wide perspective. This narrow and broad economic analysis is combined with country studies to produce financing options.

The authors successfully answer the "*how*" question, offering well-reasoned options for how countries should finance development: based on the country's borrowing record and the "negligible" amount required, (pre-revolution) Egypt should borrow. Tunisia and Uganda should seek more foreign aid, whereas Kyrgyzstan and Senegal need to combine more aid witl a larger tax base.

The book is less successful, however, on the "*how much*" question. As the authors concede, estimating the extra spending necessary to meet MDG targets is complicated by a number of factors. These include the macro-economic trade-offs that come with diverting state funds for development, the difficulties of sourcing finance, the decreasing returns on social spending and the synergies between development goals (spending on health is likely to accelerate progress on child education, for example).

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Main street, Paoua, north-west Central African Republic. Credit: DFID – UK Department for International Development. CC BY-NC-ND 2.0.

books foundational economic model is also highly questionable. They estimate *how much* extra finance is needed by starting from a "baseline scenario". For each country the economic performance from 2005 is taken and projected forwards to 2015, a fundamentally unreliable exercise made less tenable by the 2008 financial crisis, political instability (the Arab Spring) and external shocks (such as natural disasters). The book was written in time for the authors to consider some of these and they try, but fail, to work around them. They factor in the financial crisis by assuming a recovery from the downtur in 2010, but we only need look at the ailing health of developing-world economies to see that statistical fudge is, at best, wildly optimistic.

In short, this book encounters the same obstacle as every other prescriptive economic study: that of struggling to bridge the gap between theoretical models and development realities.

There is a lot in this book that sets it apart. Each case study is rigorously examined, and chapters dedicated to each case study are split into sections examining macroeconomic performance, progress towards development targets and forecasts under new financing strategies. The book also tackles head-on the intractable "chicken-and-egg" problem: which comes firs development or growth? This dilemma is particularly acute for developing countries, which must commit limited state resources to one or the other, and recognising that growth and development are synergistic the authors suggest policies tha foster both. Finally, rather than being limited by its nine-country sample, this detailed approach ensures the policies suggested are relevant to the wider developing world.

The book's conclusion is mutely optimistic: achieving the MDG targets is a "major macroeconomic challenge", but achievement is possible if "hard choices are made". Finance, though, is necessary but insufficient, and the authors accept as much in their nods to the post-MDG agenda. In many developing countries growth is constrained by skill shortages – a lack of doctors and teachers – and developing-world economies will need to reform their labour markets if they're to absorb healthier, literate and more productive workforce. The "hard choices" the authors refer to are institutional reforms – a long-term, no-guarantees endeavour – but they only get discussed here in the context of financing strategies.

The MDGs were first introduced in 2000, a since then a lot of progress has been made. But there remain huge disparities in the development levels between and within different countries. In the broader literature on development policy, the book's focus on financing is a narrow technical one, making it a great guide for officials or development practitioners. The authors' robust methodology – a combination of economic analysis and country-specific studies – produces some highly compelling policy proposals. But the book arrives at the cusp of a new phase in development, in which the big question is institutional reform and in which the relevance of the MDG framework is passing.

Ram Mashru is an author, journalist and researcher specialising in the politics, development and human rights of South Asia. *Human InSecurity*, his first book, was published in December 2013 and explores India's contemporary human rights and security challenges. He read Law at the University of Cambridge before obtaining an MSc in Area Studies from the University of Oxford. Read more reviews by Ram.