Background Note on MDGs Review

Benin

Economic activity in Benin remains hampered by several issues. First, the important cotton sector suffers from underinvestment and the pressure created by the higher subsidies paid in other countries. However, government and donor support will lead to better access for farmers to credit and fertilisers and to bigger planting areas. Second, the port of Cotonou plays an important role as a gateway for goods from Nigeria, Niger and Burkina Faso. In this context, the threat from piracy in the Gulf of Guinea represents a major downside risk for the port and economic growth. Third, unreliable power supply puts a major limit on economic development, with a lack of funding and the problematic business environment being major obstacles. Benin is forecast to see growth of 4.2 per cent in 2014 and 4.6 per cent 2015, while inflation will reach 1.3 per cent and 1.7 per cent, respectively.

Colombia

During the last decade, economic stability and improved macroeconomic management, including sound fiscal and monetary policies and financial supervision, have significantly contributed to a faster progress towards the MDGs in Colombia. These improvements are illustrated in several indicators. For instance, economic growth rate was 4.8 on average for the period 2004-2013, significantly higher than the 2.6 per cent of the previous decade. Gross fixed capital formation over GDP has also increased continuously, from 18.1 per cent over GDP in 2004 to more than 28 per cent in 2014; while inflation have decreased substantially, reaching only 3.0 per cent on average in the last five years. Other indicators have also strengthened noticeable, such as the overall situation of the fiscal accounts –including a significant structural fiscal reform approved in 2011-, the level of international reserves and the external financing conditions.

These recent developments have enhanced the resilience of the Colombian’s economy and its manoeuvre policy space to cope external shocks and difficulties of the internal business cycle. In addition, improving economic conditions have significantly favoured the progress towards MDGs. For instance, between 2005 and 2012 poverty rates decreased from 45 per cent to 32.7 per cent, with indigence decreasing from 13.8 to 10.4 per cent in the same period. Unemployment rates also fell significantly from almost 16 per cent in 2004 to 9.6 per cent in 2013. The country has also achieved noteworthy progress in other MDGs areas, like primary education, infant mortality, disease fighting and ICT access. However, in other areas the progress is far from sufficient, such as in maternal health, gender issues and infant mortality in rural areas. In fact, the high heterogeneity in the MDGs progress across urban-rural regions and socioeconomic levels remains as a key challenge ahead.

In the outlook, the Colombian's economy is expected to continue with a stable and relatively solid performance, amidst an improving business environment and significant investment opportunities (e.g. the country has become one of the largest recipients of foreign direct investment in Latin America recently). This outlook will favour further progress towards the MDGs in the coming years.

The Philippines

The Philippines' economy was long considered a laggard in fast-growing East Asia, but has seen stronger and more robust growth in recent years. Since 2010, year-on-year GDP growth has exceeded 6 per cent in 12 out of 16 quarters. In the past two years, growth averaged almost 7 per cent—higher than in all other East Asian economies, except China. The surge in growth has, however, not been accompanied by similar improvements in the labour market. Unemployment and underemployment in the Philippines have remained stubbornly high, well above the rates seen in most other East Asian economies. In 2013, average unemployment was 7.1 per cent, while underemployment was 19.3 per cent—only slightly below the combined rate of about 30 per cent registered in the early 2000s. This has led many economists to refer to the recent episode in the Philippines as "jobless growth". Given the strong linkages between employment, poverty reduction and progress towards the MDGs, job creation is key for achieving sustainable development in the Philippines.

Recent development reports have shown that the Philippines are characterized by massive inequalities and disparities in terms of development. Some of the provinces with the lowest Human Development Index (HDI) levels have been locked in a vicious cycle of falling incomes and falling health and education outcomes. As highlighted by UNDP, the HDI values of Philippine provinces "transverse almost the entire range of HDI values found in the global Human Development Reports". This underscores the need to obtain disaggregated MDG data, to consider the unequal effects of economic and social policies at the sub-national levels, and to strengthen ownership and decision making at the local level.