Opportunities and Risks of Universal, Quantified Time-Bound Goals – Positive and Negative Impacts of the MDG Agenda

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Outline

- Positive aspects of MDGs

- Problems with MDGs

  - *Why these goals?*
  - *What is the relationship between these goals (Priorities? / Complementarities?)*
  - *Do universal goals make sense?*
  - *Should goals be time-bound?*
  - *Are these goals straightforward to quantify?*

- Conclusion - The future of MDGs

Positive aspects of MDGs

- The MDGs demonstrate the need for urgent action and raise awareness.

- In a way that can be understood by any tax payer in a rich country.

- Multi-dimensionality mobilized not only multi and bi-lateral donors, but also specialist NGOs.

- They (may) bring greater focus to the aid policies of developed countries, as well as to policies within the developing world itself.

- They (may) increase accountability, since policies are now evaluated against their impact on these goals.

- Some argue, they are central to the progressive realisation of human rights (*in the liberal tradition*).

Problems with MDGs

- MDGs (and policies around) may create illusion that any goal can be met, if only the right amount of aid can be mobilized.

- The process of setting these goals is questionable: *Top-down approach* implying a bias towards 'donor interests'.

- List of MDGs relies somehow on an arbitrary choice.

- MDGs do not imply priorities, ignore complementarities and do by themselves not provide any guideline how to achieve these goals (*but was probably also not intended*).

- Given that they are universally defined, they do not take into account country/regional particularities.

- Many of the goals are difficult to quantify. There are also too many goals, which in turn requires too many different monitoring systems.

Why these goals?

- Goals were not derived from a specific development model:

    - They are arbitrary ("*one goal per international organisation*")
        - Why has income inequality and equity not been included? Social protection? Economic Growth? Security? Protection of property rights? Access to electricity or roads?

    - … partly redundant
        - Goals #2.1 and #3.1

    - … and partly rather means than ends (goal #8).
        - The targets of goal #8 raise many questions.

            (MDG8 was added under pressure of developing countries to emphasize more the responsibility of the OECD countries in international governance.)

- No obvious development strategy that would be implied. Is the outcome we get by focusing an all (and only these) goals sustainable?

- Reduce monetary poverty *to reduce child mortality and increase female education …*

- … or reduce child mortality and increase female education *to reduce monetary poverty*?

- How should priorities be set? Can we think of a policy mix, that would *minimize* the cost of achieving these goals?
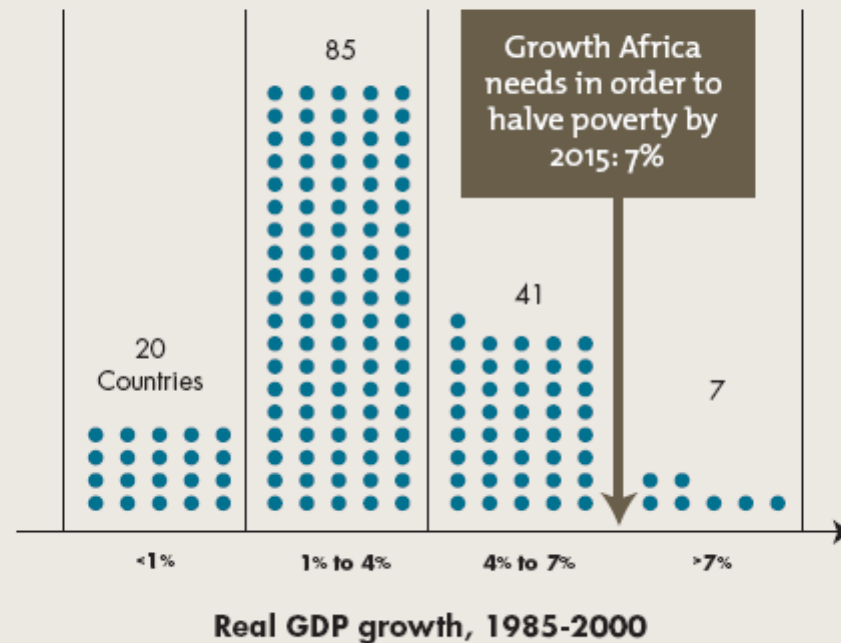
Do universal goals make sense?

- In case of Africa, MDGs are overly-ambitious and place unrealistic expectations on aid.

- Promising too much may lead to disillusion and this may erode the basis for long-term engagement with the developing world.

- What is in fact a success is perceived as a failure (*which plays into the hands of those claiming that aid doesn't work, see debate in the Netherlands*).

- May also have adverse effects on FDI in "under-performing" countries.

Do universal goals make sense?

Figure 1: Growth goal vs. performance

Each dot represents one country. Only a handful of countries on earth, in the best of circumstances, grew recently at the rate all of Sub-Saharan Africa would need to grow in order to halve poverty by 2015.
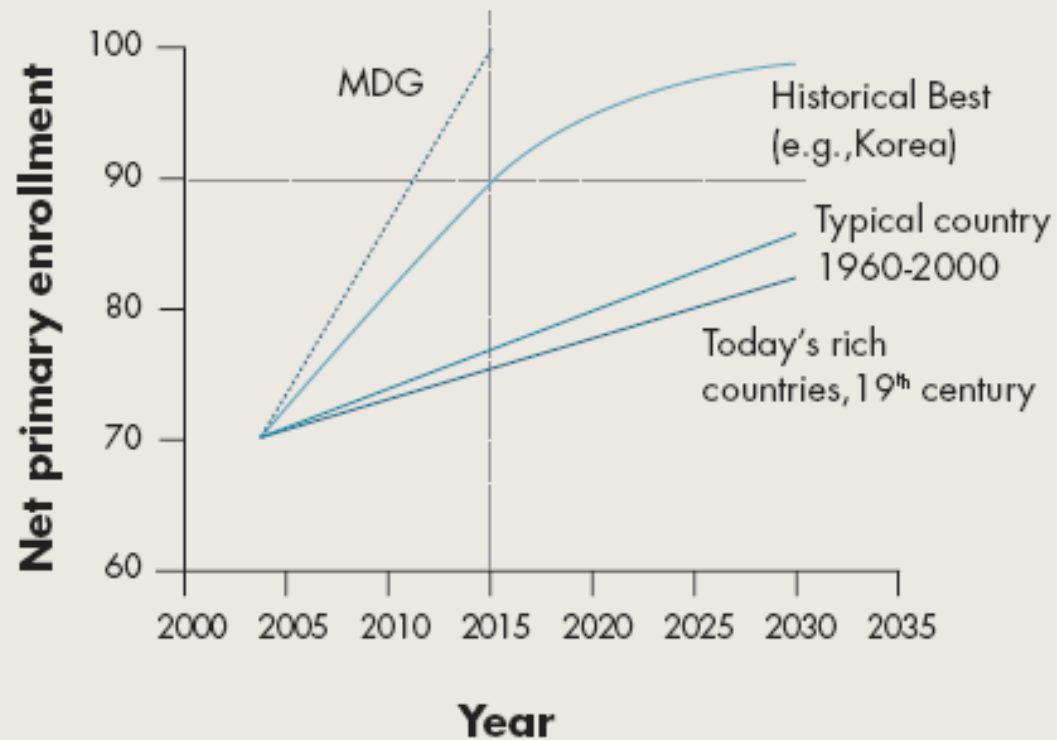
85

Growth Africa needs in order to halve poverty by 2015: 7%

20 Countries

41

7

<1%   1% to 4%   4% to 7%   >7%

Real GDP growth, 1985-2000

Includes all 153 countries for which the World Bank's World Development Indicators 2005 lists constant-price GDP.

Source: **Clemens and Moss (2005).**
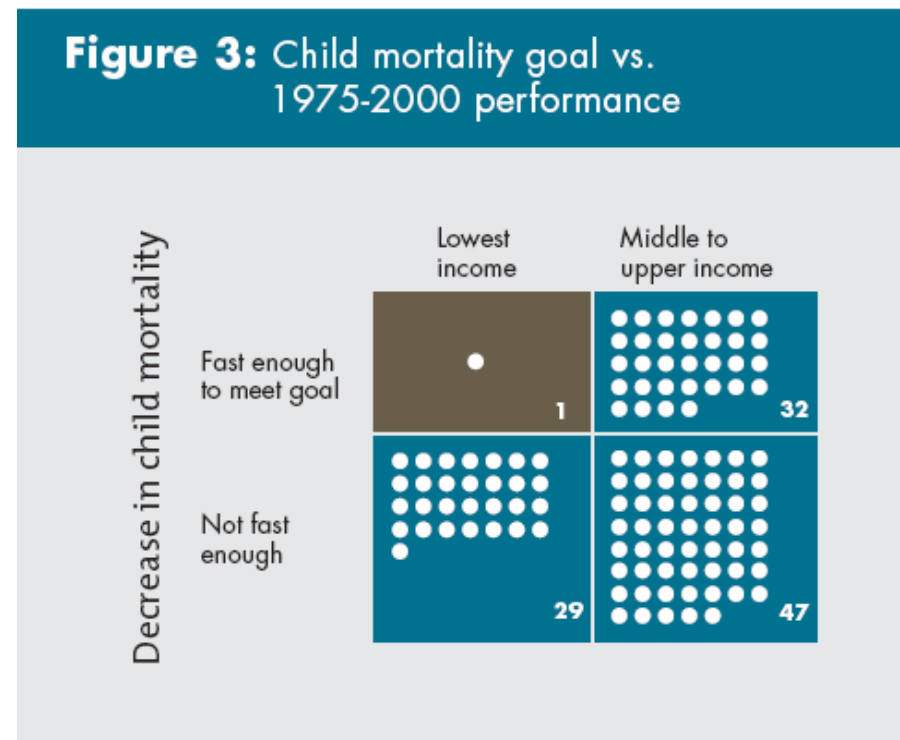
Do universal goals make sense?

Figure 2: Education goal vs. performance

MDG

Historical Best
(e.g., Korea)

Typical country
1960-2000

Today's rich
countries, 19th century

Net primary enrollment: 100, 90, 80, 70, 60

Year: 2000 2005 2010 2015 2020 2025 2030 2035

Source: Clemens and Moss (2005).

Do universal goals make sense?

- Goal 4(a): Reduce by two thirds the mortality rate among children under five.

  If the same goal had been set in 1975, only one poor country in the world (Indonesia) would have met the goal!

Figure 3: Child mortality goal vs. 1975-2000 performance

	Lowest income	Middle to upper income
Fast enough to meet goal	1	32
Not fast enough	29	47

Decrease in child mortality

Source: Clemens and Moss (2005).

Should goals be time-bound?

- Time-bounds may lead to negative incentives, …

  …. e.g. policies that raise rapidly enrolment rates at the cost of a very low education quality.

- Time-bound (or target) would need to be country-specific to be realistic.

Are these goals straightforward to quantify?

- *Sound information is essential, not only for tracking progress towards the MDGs,…*

- *… but also for evaluating impact and attributing change to different interventions, and for guiding decisions on programmes' scope and focus.*

- Whereas some targets underlying the MDGS are <u>*relatively* easy</u> to measure (e.g. poverty headcount, proportion of own-account and contributing family workers in total employment, school enrolment, proportion of seats held by women in national parliament), …

- … others are *relatively* difficult, if not impossible to measure (e.g. child and maternal mortality, HIV prevalence, malaria incidence, share of slum population).

Are these goals straightforward to quantify?

Example mortality:

- We cannot count the dead in most poor countries.

- In SSA, fewer than 10 countries have vital registration systems that could produce viable information on mortality and in particular mortality by cause.

Are these goals straightforward to quantify?

Example: "Proportion of population below minimum level of dietary energy consumption"

- FAO estimates the "prevalence of undernourishment" based on three key parameters for each country:
  1. **The average amount of food available for human consumption per person,**
  2. **The level of inequality in access to that food and**
  3. **The minimum number of calories required for an average person.**

- All three parameters are extremely difficult to estimate and each is subject to large uncertainties.

  "A relatively small variation in just one of these parameters can make a big difference in a country's estimated level of hunger." (UN)

Are these goals straightforward to quantify?

- There exists almost no reliable data on malaria (admitted by WHO and other Intl. Organisations.).

- Same applies to Tuberculosis (no country measures TBC incidence regularly, as the MDGs stipulate).

- And maternal mortality estimates are based on regression modelling which in turn are based on partial vital registration systems, censuses, household surveys, and other inputs.

Are these goals straightforward to quantify?

- But there is also a risk on focusing only on those targets that can easily be measured …

  … risk to focus on "wrong" goals and targets.

- Example: Education.

  Focus on easily measurable enrolment rates and ignorance of schooling quality, educational achievements and internal efficiency.

  → Obvious trade-off!

Are these goals straightforward to quantify?

- Finally, the way the targets are set has a great influence on the relative performance of countries

    1. Relative changes versus absolute changes

    2. "Positive" versus "negative" indicators

Are these goals straightforward to quantify?

- Why is a relative change in poverty from a headcount ratio of 10 percent to 5 percent a success, whereas a change from 50 percent to 35 percent is a failure?

- This matters. The underlying social welfare function is different. Giving more weight to improvements of countries with lower initial achievements does make sense.

- The percentage reduction in poverty is a highly nonlinear function of per capita income *(income elasticity of poverty and growth elasticity of poverty are typically lower for poorer countries)*
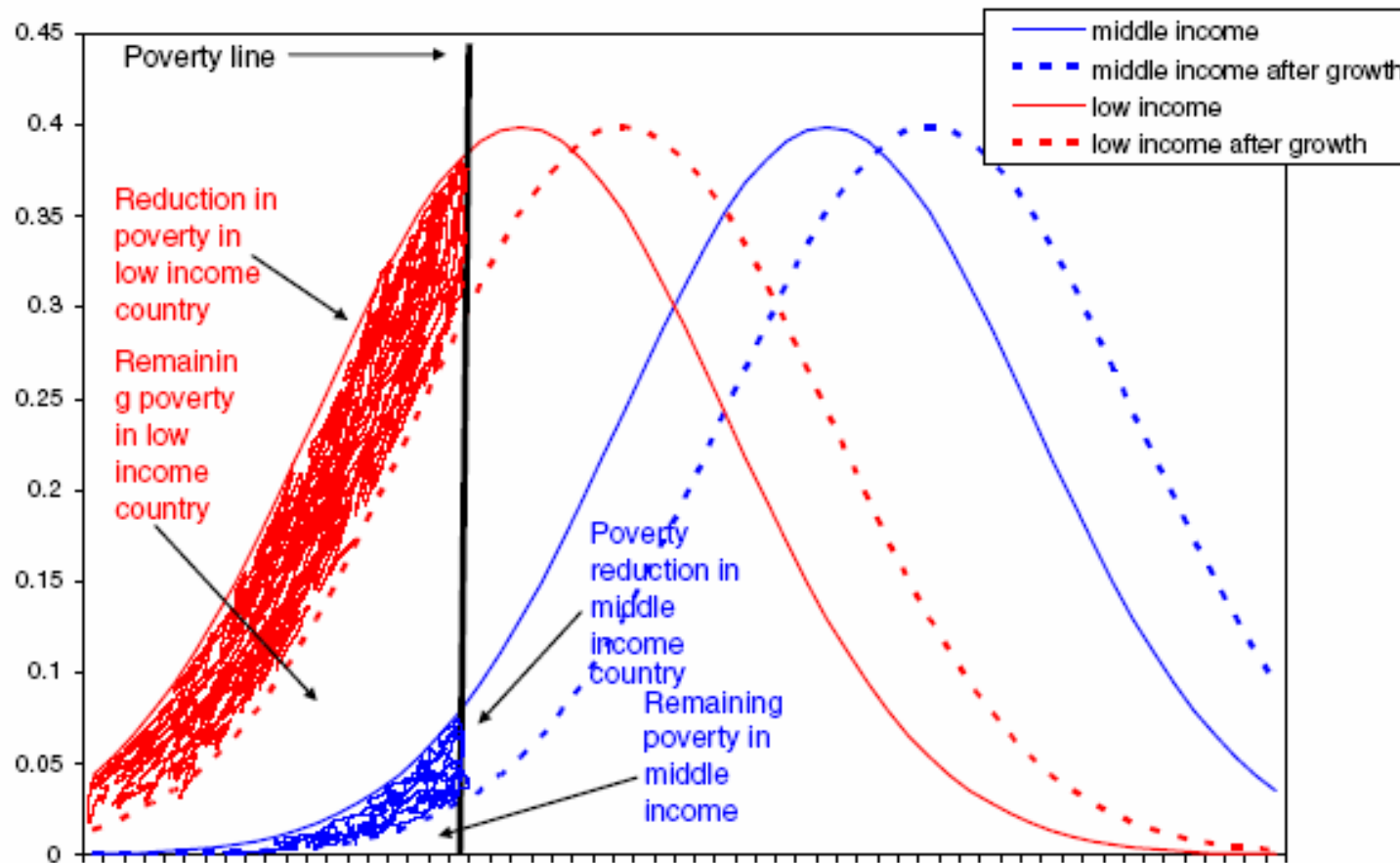
Figure 2. *Nonlinear effects of growth on poverty.*

Are these goals straightforward to quantify?

- Same argument can be made for child mortality: The higher initial mortality, the lower the subsequent percentage reduction in mortality.
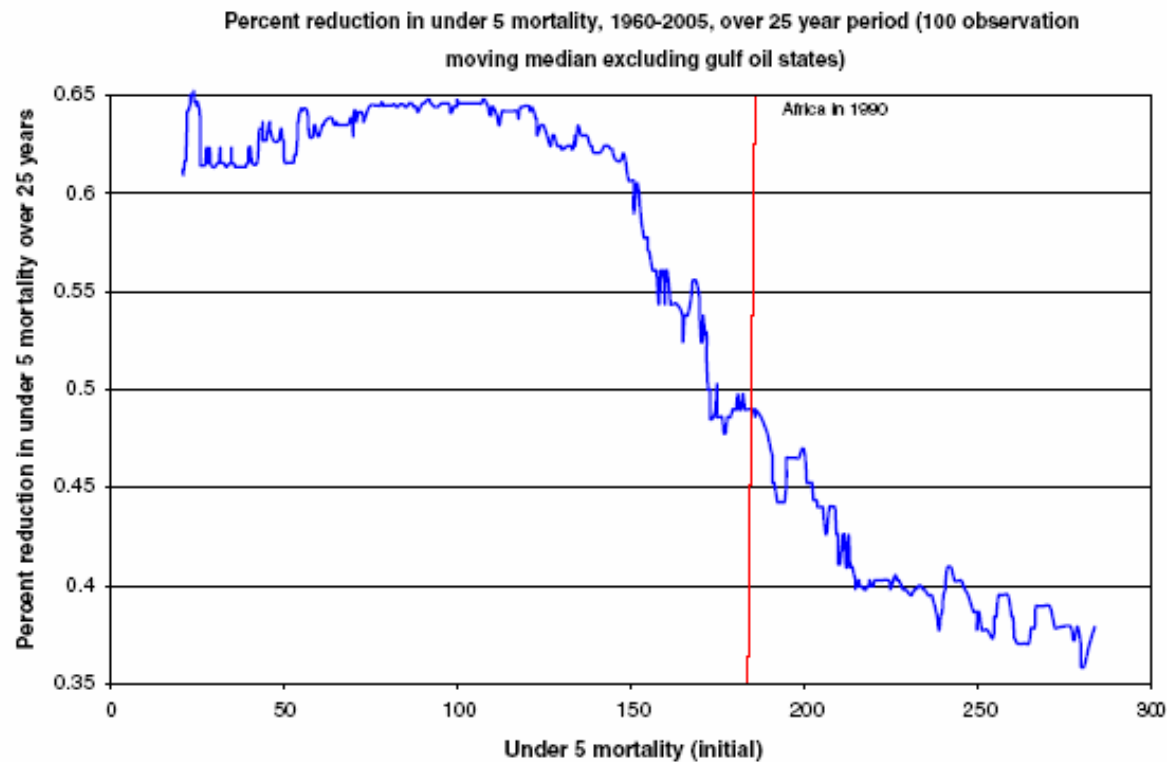

Percent reduction in under 5 mortality, 1960-2005, over 25 year period (100 observation moving median excluding gulf oil states)

Figure 5. *Relationship between initial child mortality and subsequent 25-year percentage reduction.*

Source: Easterly (2009).

Are these goals straightforward to quantify?

- However, other goals, in turn, use absolute changes! Why? (An inconsistency in the system of these goals).

- E.g. enrolment is defined in terms of attaining an absolute level, as is the access to reproductive health and HIV/AIDS treatment.

Are these goals straightforward to quantify?

- Some goals are formulated „positively", others „negatively".

- However, relative performance depends on this formulation.

- For instance for "access to clean water" (Target 7c):

  Whether Africa converges to other countries entirely depends on whether you define it positively or negatively (Easterly, 2009).

  – Increase the percentage of the population with access to clean water (positive) or …

  – reduce the percentage of the population without access to clean water (negative).

Are these goals straightforward to quantify?

Share without clean water (Goal #7)
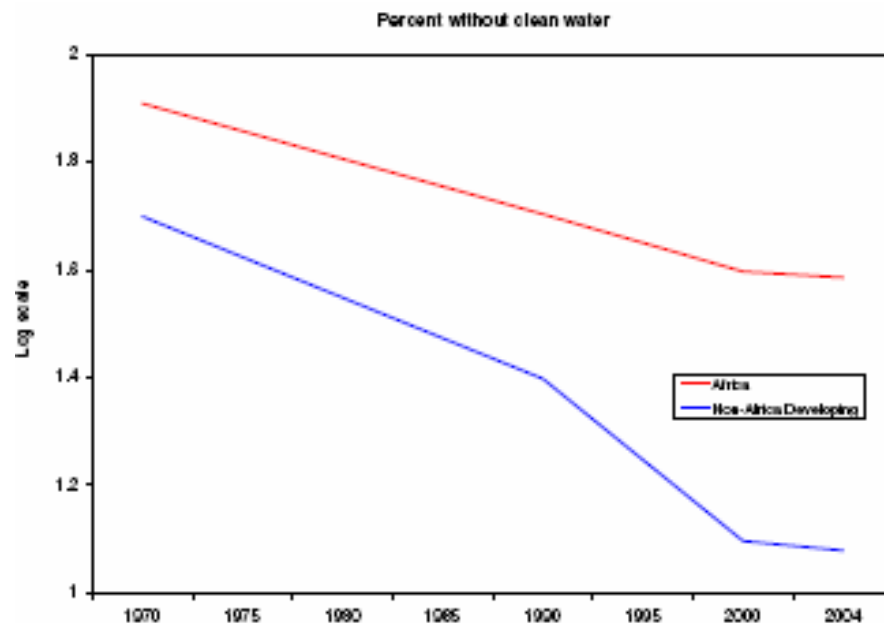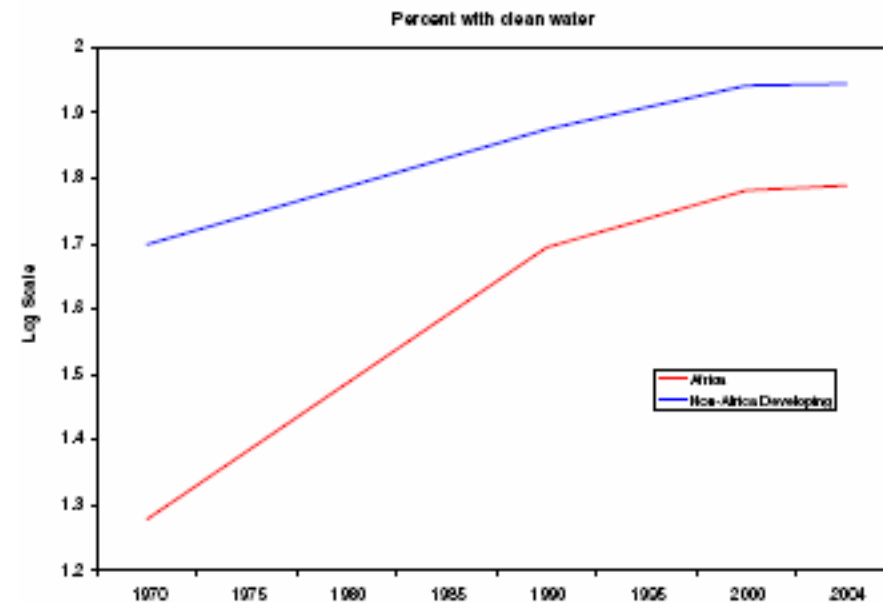
Share with clean water

Figure 6. *Relative convergence on WITH and WITHOUT indicators for clean water.*

RED = Africa

BLUE = Non-African developing countries

If initial conditions matter (i.e. if we look at relative changes), the way the indicator is formulated matters!

Conclusion - The future of MDGs

Stick to the idea of internationally agreed goals, but use the opportunity now to make some changes to the system in 2015.

Conclusion - The future of MDGs

- International community could agree on a development agenda that defines in relatively broad terms the final development targets.

- This should then be complemented by country-specific targets, that define for each country the relevant priorities and identify possible constraints.

- MDGs could be replaced by smaller monitoring system with a reduced set, and partly new goals and indicators.

- The number of indicators could be country-specific dependant on the availability and quality of data.

- The set of indicators could be expanded as the statistical system improves.

Conclusion - The future of MDGs

- To give a fair portrait of progress in all regions, targets should be regional or even country-specific.

- One solution would be to use index numbers, that properly account for country's initial conditions:

$$ I = \frac{X_t^{actual} - X_0^{initial}}{X^{tar} - X_o^{initial}} $$

- Example: School enrolment

$$ I_t^{Enrolment} = \frac{70\% - 50\%}{85\% - 50\%} = 57.1\% $$

- This country has achieved its target at time t by 57.1%, i.e. it has achieved an increase from 50% to 70%, while the final target is at 85%.

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