

“Towards a post-2015 development framework” Contribution of DIE to the public consultation of the European Commission

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A. The MDGs: benefits and limitations

When the idea of establishing a globally agreed upon agenda of core development policy goals came up in the 1990s, the rationale was to strengthen again the commitment and accountability of all relevant actors in both donor and developing countries after two decades of stagnation in human development (particularly in sub-Saharan Africa and Latin America). The result of this initiative were the Millennium Development Goals (MDGs).

Benefits

The MDGs have in fact a number of **features** enabling them to revamp the engagement of all parties for overcoming the most serious development challenges: They are (i) relevant / reasonable, (ii) easy to understand, (iii) measurable and time-bound (iv) final end goals of development that (v) all relevant actors have agreed on and that are (vi) well-known to people world-wide.

Conceptually, these characteristics allowed the MDGs

- to serve as a reference for joint efforts in development policies, to improve the *co-ordination* of individual contributions: between donor and partner countries (donor alignment), among donors (donor harmonization) and between the external policies of individual countries (policy coherence) and to thereby create synergies,
- to improve the *impact-orientation* of development policies and thereby the efficiency and effectiveness of aid,
- to strengthen the accountability of donor governments, developing country governments, development agencies and international organizations and
- to increase anew the interest of the global public for development policy issues, overcome aid fatigue in donor countries, *mobilise* civil society in both developed and developing countries and mobilise new energies and resources for international development.

Additional merits of the MDGs were to raise awareness for the multidimensional nature of poverty and for the interlinkages between policy interventions in different policy fields as a step into the right direction towards breaking down silo approaches.

Due to the lack of a counterfactual, it is difficult (not to say impossible) to verify empirically to what degree the MDGs have in fact produced these effects. There is evidence that the adoption of the MDGs was followed by major advances in policies and policy outcomes, which benefited low-income countries in particular:

- Development aid became *better accepted* in donor countries and attracted more attention with regard to its impacts. The public paid more attention to the goals, instruments and effects of development policies. And the multidimensional character of the MDGs mobilised not only multi- and bilateral donors, but also specialist NGOs.
- The *levels of international aid* rose again, and the share of aid directed to the *least-developed countries* increased.
- The share of aid spent in the *social sectors* increased (while, however, the respective share spent for economic infrastructure and the productive sectors decreased).
- In many developing countries, *development planning* became more focused and more continuous.
- The share of developing countries' *public spending* on GDP augmented (at least in low-income countries – less so in middle-income countries), and the level of public spending for *basic education* in low and middle countries augmented.
- The number of *joint donor projects* rose significantly (however, most development cooperation is still bilateral and insufficiently coordinated).
- The number and importance of *impact evaluations* for development projects increased.
- Certainly not least, *progress towards most of the MDGs* accelerated in the large majority of developing countries (in particular MDG 2, 3 and 6, but also 1 and 4).

However, we do not know which of these changes are attributable to the MDGs because we cannot check how the world would have developed without them

Limitations

At the same time, however, the MDGs also suffer from obvious weaknesses:

First, they are an *incomplete* agenda: They were drawn from the Millennium Declaration but mirror only one of the four main chapters of the declaration ("development and poverty eradication") completely and a second chapter ("protecting our common environment") partially, while none of the goals listed in the chapters "*peace, security and disarmament*" and "*human rights, democracy and good governance*" have entered into the MDG agenda.

Likewise if the MDGs are interpreted as a dash-board of goals referring to multidimensional poverty reduction, they are an arbitrary selection of poverty dimensions. MDG1a measures lack of economic capabilities, while MDGs 2-7 indicate lacks in human capabilities. But none of the goals refers to deficits in *protective capabilities* (social protection, human security), *political capabilities* (freedom, voice, access to justice, transparency) or *socio-cultural capabilities* (social inclusion, acceptance, non-discrimination).

Another issue that is often brought forward against today's MDGs is that they neglect essential aspects of development (such as economic growth), important policy fields (such as transportation) and many global problems (such as the risks coming from instable and inequitable capital markets). Objections of this kind however are based on a fundamental misinterpretation of the MDGs. By intention, they were formulated as the very final goals of development at the level of individuals and it was left open *how* they were to be achieved at the country level. This was a reaction to the experience made in the 1980s

when international organisations prescribed how developing countries had to promote growth and fight poverty leading to the evaporation of accountability of developing country governments for the impact of their doing. The underlying philosophy of the MDGs was that developing countries were expected to make progress towards the goals but free to decide how to achieve that progress and that donor countries were called upon to align with the strategies. And in fact, some of the most impressive success stories world-wide in terms of MDG achievement result from considerably different development strategies – each perhaps being the most suitable one for the respective country.

Introducing instrumental goals into a successor of the MDG agenda would thus produce a different thing. That is not to say that economic growth, transportation infrastructure and stable capital markets are not important. In contrast, they are key prerequisites for development. Without them, the MDGs cannot be achieved. But they are simply no ends in themselves.

Second, the MDGs are *distribution-insensitive*. Inequity is a severe obstacle for many aspects of development. Nevertheless, the MDG agenda contains only one indicator (under the head of MDG1) capturing one aspect of distribution: the share of the poorest quintile in consumption. In addition, MDG1 focuses at least on the most deprived individuals in society. In contrast, MDGs 4 and 5 for example call for improvements in mean values of mortality rates thereby ignoring who benefits from such progress. As a consequence, many governments may be tempted to reduce child and maternal mortality rates for social groups that enjoy already below-average rates (such as e.g. the urban middle class). Progress for these groups may be cheaper and easier to achieve than for the most deprived groups who live in squatter and rural settlements and are thus more difficult to reach by health care services.

Third, while some MDGs measure outcomes (e.g. MDGs 4-6), others measure outputs (e.g. MDG2) or even inputs (e.g. MDG8) of development policies. This constitutes a problem not only because the goal agenda is inconsistent but also because a single indicator normally cannot capture more than a small portion of the inputs that are needed for a certain impact or outcome – especially when it focuses on quantitative outputs. This can result in distorting effects when increased efforts are concentrated on the outputs counted by the indicator. This was the case for the education policies of many developing countries, which raised significantly school enrolment ratios (measured by MDG2) at the expense of the quality of education: more children went to school but the number of teachers did not increase correspondingly.

Fourth, several MDG targets are not measurable at all. Some lack essential data to measure progress: There are no reliable data, for example, for maternal mortality in the huge majority of developing countries for the base year 1990 that would be needed to track developments since then. And some MDG targets lack even the indicator to assess progress or a target value for the indicator to be reached in 2015. This is the case for MDG1b and MDG 7a but – even more worrisome -- also for most targets of MDG8, which was initially meant to quantify the contribution of donor countries.

Fifth, the MDGs are *not country-specific*. They were formulated as global goals. However, in order to produce accountability at the national or sub-national level, development must be monitored at the same, relevant level. Therefore, the MDGs started to be interpreted also as regional, national and sub-national goals, something not intended by their creators and unfair to many countries (especially the least developed ones) because the goals were not adapted: all countries were required to make the same progress as the whole world, which may be easy for some but unrealistic for others. For example, all countries were required to halve the number of households without access to drinking water; this may be feasible where the initial rate of households without access to water is 20 per cent but hard to achieve for countries where it is 50 per cent or more – in particular because these countries tend to be the poorest. Thus a country may have failed to meet a goal even if it had made considerable progress, and its political leaders may lose legitimacy despite substantial commitment.

At the same time, the seeming failure of many developing countries – most of them particularly poor and hence receiving especially large amounts of aid – was a strong factor for undermining the acceptability of development co-operation in the donor countries.

We observe that on average countries with high initial levels of deprivation (high mortality rates, high non-enrolment rates) have made much more progress in absolute terms (e.g. reduction in child mortality in percentage points) than more advanced countries but that they have achieved less progress in relative terms. This is due to the fact that the trajectory of achieving the MDGs over time tends to be an S-shaped curve with little initial progress, accelerated progress in the mid-term and again little progress on the final stretch. Formulating the MDGs in relative terms comes closer to what one could expect from individual countries than formulating them in absolute terms. The most realistic formulation for MDGs applied to the national level would have been somewhere in between.

Sixth, some of the goals are *unrealistic* even at the global level (e.g. MDG2 that calls for universal school enrolment in all countries world-wide) while others are rather *under-ambitious* (such as MDG1, which called only for a reduction of income poverty at the same rate as in previous decades).

Lessons for a new agenda

We conclude from this that a post-2015 international development agenda therefore should preserve the strengths of the MDGs and at the same time avoid their weaknesses, i.e. they should be

- (i) relevant,
- (ii) easy to understand,
- (iii) measurable and time-bound
- (iv) final end goals of development,
- (v) agreed upon internationally and
- (vi) well-known to people world-wide.

while at the same time being

- (vii) more comprehensive than the MDGs (not the number of goals should be higher but the dimensions of development that they measure, i.e. some MDGs may be replaced by other goals),
- (viii) distribution-sensitive,
- (ix) measures for outcomes rather than outputs,
- (x) based on country-specific and not global metrics and
- (xi) ambitious but not unrealistic.

B. Feasibility of a future framework

In the past, a clear consensus existed that multidimensional poverty reduction was the main objective of development. This consensus is increasingly getting blurred because of several reasons. The post-MDG process presents a chance to bring countries together again, forge a new global consensus on development, agree on a new list of international goals and swear in political leaders to work towards their achievement.

However, in order to make sure that political leaders are accountable for their commitments, the new goals should accord with the criteria listed above. In particular, the goals must be (v) agreed upon internationally, (vi) well-known to people world-wide, (vii) more comprehensive than the first MDGs, (viii) distribution-sensitive, (ix) measures for outcomes rather than outputs and (x) based on country-specific and not global metrics.

Five of these issues are discussed in the remainder of this section (though in a slightly different order), while the sixth one is treated in Section C.

Well-known to people world-wide

The establishment of a new development agenda must be accompanied by public awareness campaigns that correct some of the mistakes of the past. These campaigns should ensure that the agenda is better known to everybody from the beginning and explain why there is a new agenda even though parts of the old one have not been achieved. It should explain why some goals have not been achieved and what is different this time that will make success more likely to be achieved.

Agreed upon internationally

Wide-ranging consensus seems to exist already that a new agenda should be established in order to guide efforts made for international development after 2015, the deadline of the current MDGs. However, many different ideas on how such an agenda might look like are floating around, which bears the risk that some players might prefer in the end to have no agenda at all rather than a mediocre compromise.

Care should therefore be given from the beginning of the negotiation process that the result will be acceptable for all countries world-wide. The process itself must thus be legitimate, which can only be provided through UN leadership in the process. Unlike in case of the MDG drafting in 2001, developing countries – in particular emerging powers such as China, India, Brazil and Indonesia -- must play an active role in the negotiation process. And of course, the process should be receptive to new ideas, concerns and points of view of all governments and civil societies. Otherwise, it will be difficult to come to an agreement.

In addition, the process must not be detached from the Sustainable Development Goals (SDGs) process, which was initiated recently at the Rio+20 Summit. There, UN member countries called upon the UN to establish a working group with "fair, equitable and balanced geographic representation" (Rio +20 outcome document, §248) to deliver a proposal for SDGs to the General Assembly of the UN in September 2013. According to the Rio+20 outcome document, this "process needs to be coordinated and coherent with the processes to consider the post-2015 development agenda" (§ 249). Therefore, both processes have to be merged at the UN level and within UN member country governments – but also within the European Commission: both within DEVCO (between the poverty and the environmental sectors) as well as between DEVCO and Environment.

More comprehensive

A main issue of the negotiations will probably be which dimensions are missing in today's MDGs and should therefore be added to a new agenda. Prominent candidates in this regard include

- the goals listed in the chapters "peace, security and disarmament" and "human rights, democracy and good governance" of the Millennium Declaration
- goals for improvements in the political, socio-cultural and protective capabilities of people,
- goals for a better access of people to infrastructure
- equity and
- the goals listed in the Rio+20-summit outcome document.

Of course, a new international development agenda will again have include goals referring to the income dimension of poverty (like today's MDG 1a), nutrition (today's MDG 1c), education (today's MDG 2) and health (today's MDGs 4-6) – though focusing on much more on outcomes rather than outputs of development policies (for example literacy rather than school enrolment rates).

The need to find a broad agreement on the future agenda (see above) lowers the chance to integrate *political and socio-cultural goals*, which would be highly desirable from an ethical and conceptual perspective. There is no doubt that issues like "peace, security and disarmament" and "human rights, democracy and good governance" are key dimensions for human well-being: they are important in themselves (because individual rights and liberties are important for well-being), for economic development (which has been shown to be closely related to institutional quality) and for improving environmental sustainability (as many sound environmental laws exist but are not implemented due to limitations in the rule of law and institutional capacities). Also, all nations have subscribed to these issues in general terms in many international declarations (such as e.g. the Universal Declaration of Human Rights, the UN Charter and the Millennium Declaration). A problem lies, however, in the operationalisation:

- It is even more difficult to identify meaningful and unbiased indicators for things like 'good governance', 'social inclusion' or 'security' than it is already in the fields of today's MDGs (education, nutrition, health etc.).
- Even where there are reasonable indicators or indices (such as Polity IV, Freedom House Index, Transparency International Opacity Index, World Bank Governance Indices, Political Terror Scale, Physical Integrity Index), we often lack data for many countries.
- Quite a significant number of governments are likely to reject new goals referring to any of the more reasonable of these indices – the only tangible exception being the World Bank Governance Index IV on 'government effectiveness'. This has to do on the one hand with the fact that different societies and states have different sets of values and norms and therefore different understandings of catchwords like 'gender', 'freedom' or 'governance'. On the other hand, there are vested interests of governments and elites concerning political rights.

That means that it is unlikely that concrete indicators can be found on which to agree.

A second best option to the inclusion of governance issues in a new global development agenda might thus be to increase the weight of equity and economic inclusiveness in all of its goals. Insisting on the inclusion of governance indicators in a revised version of the MDGs might produce negative externalities on the whole process. Instead, the importance of governance issues and the likely resistance to including governance indicators in a new agenda might be used as a bargaining chip to raise readiness for the acceptance of indicators for changes in equity and economic inclusiveness, which are often due to modifications in power relations and governance issues.

Equity is certainly better acceptable for the majority of UN member countries. However, it does not make any sense to add a separate equity goal – just like it does not make sense to have a separate *gender* goal: gender discrimination and inequality materialise in different dimensions, which are just the same as those measured by the remainder of the MDGs. Rather, all goals should be measured either by a distribution and gender-sensitive index or separately for males/females, urban/rural populations, groups with a bad/good initial level of goal achievement and different income strata.

Goals for *access to infrastructure* can also easily be added to the agenda. The MDGs include already targets for water and sanitation (7c), housing (7d) and telecommunications (8e). A new infrastructure goal could be composed out of these as well as a new target for energy.

Likewise, a *resilience goal* can be thought of – including, for example, social protection, protection against natural and ecological / man-made disasters such as earth-quakes, floods, torments, soil degradation etc. and human security from any kind of violence.

And not least, the list of *environmental targets* in the agenda should be extended. For example, one might take from the Rio+20 outcome document some of the following: (i) the size of terrestrial and marine nature reserves (already an MDG indicator), (ii) the size of forests (already an MDG indicator), (iii) the protection of biodiversity (already an MDG indicator), (iv) the protection of water quality (already an MDG indicator), (v) the limitation of desertification and land degradation or (vi) the protection of clean air – which can all be seen as final end goals of development and aspects human well-being. A theoretical alternative would be to construct indices for all other goals that measure progressive towards these goals without harming the environment. But it is very difficult to identify the components and structure of such indices and therefore easier and politically more realistic to maintain a separate environmental goal – with one exception, which is already in today's MDG agenda: the change in CO₂-emissions per \$1 of GDP.

At the same time, it makes much less sense to integrate goals such as economic growth, access to technologies and drugs, fair global trade or the stability of capital markets. Some commentators have advocated integrating them into a new agenda (see above) but these are preconditions rather than aspects of human well-being, i.e. instruments rather than ends of development. They are necessary framework conditions on a global level, without which national governments are not able to pursue effective development policies and thereby achieve MDGs or the like.

In contrast to national policies, however, these instrumental goals require international co-ordination. It cannot be left to the decisions of national governments whether these goals are achieved or not because these decisions have external effects on other countries. Free-riding is likely because the costs of measures taken to achieve these goals have to be borne individually while the benefits are shared.

A post MDG agenda would therefore have to be accompanied by a second agenda of goals referring to the conservation / production of global public goods. This second agenda would contain many of the targets now included in MDG 8 but also some of the instrumental goals coming from the Rio+20 process (known as Sustainable Development Goals / SDGs). In any case, the goals of this agenda must be more ambitious, concrete, measurable and binding than today's MDG8. One way to think about this is to apply the principle of 'common but differentiated responsibilities'.

Suitable issues for the second agenda are: (i) climate stability, (ii) the protection of oceans against overfishing, acidification and filling with solid waste, (iii) the joint management of scarce mineral resources, global energy reserves and fish reserves, (iv) the joint management of global food production, (v) cross-border management of water reserves, (vi) the control of infectious diseases, (vii) the development of an accessible, equitable and rule-based international trading system (already a target in MDG8), (viii) stability and integrity of the global financial system, (ix) the containment of international terrorism, (xi) the elimination of anti-person mines and weapons of mass destruction etc.

In addition, the second agenda should contain an agreement on a fair distribution of the costs of actions taken for the conservation / production of these global public goods including binding commitments on development assistance for the achievement of the goals in the first agenda and on goals for policy coherence for development (PCD).

Distinguish outcome from output and input goals

The two agendas depend on each other and therefore form one unit. They should therefore always be negotiated as a package. Nevertheless, there are good reasons for having two separate lists:

First, the goals in the second list differ in conceptual and methodological terms from those in the first list: (i) They are instrumental rather than final goals of development. (ii) They focus on inputs and outputs rather than impacts or outcomes such as the goals in the first list. (iii) They are measured by macro-level indicators, i.e. they refer to regions, countries or the whole world, while most of the indicators in the first list are (aggregated) micro-level variables using data on individuals. (iv) They refer to global public goods, which matter for everybody on Earth, while the goals in the first list focus on the main problems of the most deprived human beings globally.

Second, the goals in the second agenda are instrumental for those in the first agenda. The goals in the first list are also mutually supportive (like education and health) but the *positive* causal relation between the two agendas tends to go much more in one direction only: Poverty reduction can also have an impact on the goals of the second agenda but this effect is negative (like for example on climate change) or much weaker than the reverse impact (a reduction in the number of poor people may have a limited positive impact on the stability of the financial markets).

Third, the goals in both agendas are the expression of two slightly different philosophies that are difficult to unify/bring together at equal weight in a single agenda. Adherents of the MDGs warn that their replacement by a more comprehensive SDG agenda might marginalise the issue of poverty eradication and development within a much broader agenda of solving global problems, while the protagonists of a new SDG agenda fear that introducing just a few selected goals from the outcome document of the Rio+20 summit might soak the entire sustainable development philosophy.

The separation between two lists within one package could thus also be seen as a compromise between two extreme positions: (i) of those who argue that a new international development agenda should continue to have its focus on global poverty rather than to cover somehow all global problems and (ii) of those who argue that given the interdependencies between these problems the new agenda has to be much more comprehensive than the current MDGs and that it should be radically more global rather than to focus on decreasing number of aid-dependent countries.

C. The potential scope of a future agenda

The main purpose of the new agenda is to keep actors on all levels accountable for the achievement of commonly agreed goals and thereby enable co-ordinated action on global challenges.

The new agenda should go beyond the narrow focus of today's MDGs and thereby reflect as many dimensions of the final ends of global development as possible (socio-economic development and poverty eradication, protection of the environment, security and peace-building, human rights, democracy and good governance etc.).

But it should also depict causal relationships between the elements of these dimensions. Some are final ends of development, while others are instrumental to the achievement of the other goals. As a rule, the final goals can only be measured on the micro-level and achieved nationally, while the instrumental goals can only be measured at the macro-level and be achieved through international co-operation. On both levels, monitoring should make sure that progress achieved is sustainable (i.e. not due to short-term developments), gender-balanced and equitable.

To allow for this differentiation, the new agenda should include two separate lists of goals: a post MDG-list and a list of goals focusing on global public goods. Thereby, the agenda would also allow for the reconciliation of the two concepts of 'development' and 'sustainability' that are overlapping in their aspirations but different in their underlying philosophy.

All goals should be truly universal. The goals in the second agenda focusing on global public goods are universal by nature. Global public goods can only exist for the whole world or not. But the goals in the first agenda should be relevant for the whole world – not just the poor countries. They should have a global perspective but be transformable to all countries – likewise developed and developing ones – in a way that differences in the possibilities and challenges of countries world-wide are taken into account. Their specification for the national (and possibly sub-national) level should be relevant – i.e. ambitious but not unrealistic – in every case – even for the developed countries. The latter might, for example, be called on to continue their efforts in the reduction of child mortality, school drop-out, illiteracy and relative poverty rates.

A truly universal agenda of this kind is better able to generate policy coherence than today's MDGs. So far, policy coherence has been geared towards doing 'no harm' to the poverty reduction objective. The new global framework, in contrast, should enable development DGs/ministries/agencies to closely coordinate and align their approaches with other sector DGs/ministries and to agree on a coherent strategy including common objectives and guiding principles. What is needed is a systematic and coherent conceptual approach to global development followed and implemented by the 'whole-of-government'. Other DGs and sector ministries in member states need to do more than ensuring that their policies 'do no harm' to the poverty reduction objective. They should play an active role in the implementation of policies that serve the identified global goals and should co-operate more closely when drafting strategies in order to ensure coherence across ministries.

Policy coherence of this kind enhances donor credibility. Policy coherence and donor credibility are ultimately more important than the mobilisation of additional aid and non-aid resources.

Still, policy coherence is also not a purpose in itself. It is an essential prerequisite for development and might thus be referred to in the second list of goals of a new development agenda. But it is not a final end goal of development and should therefore not be part of the first list of goals.

D. The potential shape of a future agenda

A new post-2015 development agenda should include two lists of (i) relevant, (ii) easy to understand, (iii) measurable and time-bound goals that are (v) agreed upon internationally and (ix) realistic but not under-ambitious.

- The first list should be comprised of (iv) final end goals of development, (vii) measurable outcomes at the micro-level rather than outputs of policies with (x) distribution-sensitive indicators that are (viii) global in their perspective but transformable into realistic though ambitious country-specific goals and (vi) it should cover as many aspects of human well-being as possible: income poverty, nutrition, education, health, resilience, access to infrastructure, protection of the environment (some aspects might not be included because no international consensus will be found regarding the formulation of goals and indicators).
- The second list should be comprised of instrumental development goals, measuring the contributions of single countries and the world as a whole to the conservation / provision of global public goods thereby ensuring that progress in human development is sustainable even beyond any short- or medium-term defined by the first part of the agenda.

All goals should be ambitious but realistic in order to mobilise action and resources without the risk that the goals are not met despite significant efforts made by relevant actors.

The goals should be seen as a global challenge that all countries can only master when they co-operate. All have immediate responsibility for the achievement of the goals in the first list in themselves, shared

responsibility for the goals in the second list and intermediate responsibility for the achievement of the goals in the first list in other countries. The latter, intermediate responsibility is maintained in two ways: (i) by contributions made towards the achievement of the goals in the second list (referring to the conservation / production of global public goods, which are all essential for the achievement of the goals in the first list), and (ii) financial and technical assistance provided to the countries that are unable to achieve the goals in the first list on their own (especially very poor or fragile countries).

Aid will thus continue to be an important element in the implementation of the new development agenda, which means that aid effectiveness will still be relevant. However, financial aid at least will only matter for a smaller and smaller number of least-developed countries. At the same time, domestic sources of funding will gain importance for all countries world-wide.'

An alternative to the notion of "aid" could be "financial contributions towards the achievement of the new MDGs", which would allow more a more comprehensive understanding of global development finance. The financial contributions paid by individual countries for the conservation / production of global public goods would be differentiated according to their respective wealth and per-capita income level recognizing the issue of international as well as domestic inequality and thereby allowing even for negative contributions (i.e. net receipts) for very poor countries.

This would entail a degree of automatism as well as fundamental international agreements with regard to financing mechanisms (international taxes and fees; agreements regarding illicit financial flows) as opposed to the post-colonial donor-recipient "aid"-relationship with its inherent imbalance of power and its flawed accountability mechanisms.

Ultimately, the concept of aid effectiveness would be substituted by a concept of "effectiveness of financing sustainable global development" comprising public and private, domestic and international sources of finance.