

## **Global parameters for the implementation of the MDGs up to and beyond 2015 – challenges and current discussion**

### **I. Introduction:**

Reviews of achievement of the Millennium Development Goals (MDGs) in 2008 have shown that more needs to be done to accelerate progress on the goals. With the global financial and economic crisis affecting both developed and developing countries, prospects have become even more dire. A debate has set in on shortfalls of the MDG concept and potential solutions to them. This paper aims to introduce the current international debate on the design and implementation of the MDG agenda up to as well as beyond 2015.

The MDGs are specific quantified objectives with global and national impact. However, they are not strategies in the sense that there is a direct link between individual development cooperation projects or programmes implemented for the purpose of achieving specific MDGs.

In fact achievement of the MDGs depends heavily on global and national parameters in developing and industrialised countries. It is right to point out that the MDGs can only be achieved within the framework of the Millennium Declaration and hence as a part of efforts in other sectors. Issues such as climate change, peace and security (fragile states), human rights and democracy have a significant influence.

Current developments, such as the follow-up to the 2008 Financing for Development conference, the impacts of the global financial crisis and G-20 agreements are to be included during the course of the discussion.

### **II. MDG achievement so far**

The World Bank's 2009 Global Monitoring Report and the UN Secretary-General's 2008

report on the implementation status of the MDGs (cf. Annex 1 of the draft report) present the following scenario:

- There are positive trends on achieving the MDGs globally – particularly for the indicators for poverty reduction, gender equality and, with cutbacks, for education. Progress on reducing poverty is due in particular to huge successes in East and Southeast Asia. However, in the course of the global financial and economic crisis, setbacks are to be expected, including rising poverty figures of about 55 to 90 million people, an increase in the number of undernourished people of more than 40 million and a rise in child mortality.
- Progress is strongly heterogeneous between individual MDGs as well as between regions. This is due for one to different initial situations, but is also influenced by factors such as economic growth. Whereas Asian countries have been very successful in reducing income poverty, in sub-Saharan Africa the situation has remained largely unchanged. Latin America and the Middle East have also failed to make the expected progress.
- Maternal mortality (MDG 5) has not been reduced significantly in any of the regions. Nor has there been much progress with regard to lowering child mortality (MDG 4), which is closely linked with malnutrition in children. Estimates show that the number of people starving in developing countries is rising (MDG 1C).
- One third of all people living in extreme poverty live in fragile states. Sub-Saharan African countries that are characterised by ongoing or past conflicts either in the country itself or in neighbouring states are particularly likely to have deficits in target attainment.
- Research has shown that progress in reducing poverty does not automatically trigger progress in the fields of health care, education or gender equality.
- Similarly, economic growth does not automatically lead to a reduction in income poverty; it needs to be accompanied by pro-poor growth policies. Huge income disparities have developed, particularly in countries that experienced significant economic growth, such as China and many countries in Latin America. The so-called Gini coefficient shows a clear increase in the gap between rich and poor since the early 1980s for 42 countries out of 59 surveyed. The lack of correlation between growth in gross national income per capita and progress on achieving

non-income-related MDGs makes social policies as part of good governance even more important.

- In a large number of countries statistical data about the achievement of the MDGs and about progress made so far is extremely unsatisfactory.

These insights are crucial for the future planning of MDG implementation. Political responses must be differentiated on the basis of country-specific analyses of the underlying causes for deficits in achieving the MDGs.

### **III. Global structural policy – conditions for achieving the MDGs**

The degree to which developing countries are integrated into and able to participate in the global economic system determines their relative development status.

#### **A. Challenges**

- Positive trade relations are probably the most important international factor for development in a globalised world. However, for many developing countries the necessary integration into the world market is fraught with hurdles. Africa's share of world trade for example is a mere 2.7 percent.
- The consequences of a global recession caused by the current financial and economic crisis coupled with high food and volatile commodity prices and the consequences of climate change will further limit the options open to the poorest countries.
- For sub-Saharan African countries, commodity prices have a particular influence on foreign trade. However, resource abundance can cause such countries to experience exploitation by elites, corruption and conflicts.
- The development of capital markets continues to show a huge nominal outflow from developing countries into developed ones. Low-income countries have so far had very little access to international financial markets. Even though their situation has certainly improved thanks to the HIPC Initiative and the clearance of their multilateral debts, these countries are nevertheless not in a position to compete with newly emerging economies and, for example, place their own government bonds on the international market. Despite this, they are not cut off from the

current global financial crisis. On the contrary, the financial crisis and the renewed demand for external financing could lead into another debt trap.

- After a fairly long phase of economic growth in developing countries (2007 average: 8.5 percent) with reduced inflation, declining budget deficits and relatively low levels of public debt, the current financial and economic crisis has a considerable impact on developing countries.

These global challenges have policy implications in various fields. In international trade, it is crucial to foster the completion of the Doha round of trade talks, tackling protectionism and discussing tariff policies as well as regional integration. Measures to mitigate and adapt to climate change have to be put in place, with a large share of responsibility with industrialised nations. As fragility is one of the major obstacles to development and MDG achievement, peace and security need a stronger stance on the global agenda. Finally, in order to develop concepts fair to all stakeholders, reform of global governance needs to be taken seriously and strong voice and participation given to developing countries.

### **B. Impact of the financial and economic crisis**

The global financial and economic crisis threatens to undermine progress in the achievement of the MDGs. With the number of starving people in the world already having risen as a result of the 2007/2008 food crisis, the current financial and economic crisis is expected to aggravate the situation even further.

Low-income countries are affected by the global economic slowdown through four channels: a decrease in remittances, sinking least devaluated demand for natural resources, less foreign direct investment and possibly a decrease in Official Development Assistance (ODA) levels.

Remittances from migrants to developed countries will be of particular concern. At around 251 billion US Dollars they constitute the most important source of external capital flows in developing countries and almost twice as much as total ODA. In many countries, remittances make up large shares of gross national income: up to 45 percent.

Postponed foreign direct investment as well as retracted capital is projected to lead to a decrease in capital flows of around 400 billion US Dollars.

Countries with a precarious budget, high debt as well as high poverty and malnutrition levels find it particularly hard to produce an appropriate political response to the impact of the crisis. Access to external sources of financing is becoming increasingly difficult for low-income countries. At the same time, the impact of the financial crisis could undermine debt sustainability.

### **C. Cooperation frameworks**

In the eyes of the developing countries, the industrialised countries continue to dominate the G8, NATO, WTO, World Bank, IMF and other fora. There are only tentative signs of a new global order with correspondingly revamped multilateral fora in which the developing, emerging and industrialised countries are equally involved and have a voice. The enlargement of the Group of Eight to a Group of Twenty (G-20) is one such move.

Currently, regional approaches are taking the place of global initiatives, including in the fields of security policy and the economy. Multilateralism “à la carte” dominates, i.e. players select the multilateral or supranational structure or organisation that can best help achieve their own interests. Changes in the global order – for example increasing multipolar (regional) structures and networks of relationships between major emerging economies – can also make new forms of cooperation necessary: Besides state-to-state cooperation, partners for development policy would then be regional associations such as SADC, the AU, ASEM, ASEAN or Mercosur. They can have a favourable impact on MDG achievement if the cooperation also includes solidarity. The process of increasing South-South cooperation should therefore be supported.

The agenda-setting of the industrialised countries in multilateral fora such as the UN ECOSOC High-Level Development Cooperation Forum and other committees, the OECD-DAC Reflection Group, on EU level or in civil society groups such as the International Crisis Group, might induce progress on the MDGs. It is important, however, to renounce donor-centred debates about North-South development policy and include the viewpoint of emerging economies (BRICS and others), and include the – diverging – viewpoints of the LDCs. Their perception of the behaviour of the traditional industrialised

countries, for example with regard to climate issues, security policy or the financial and economic crisis, coins their willingness to help shape the agenda. Without this willingness it is unlikely that the MDGs can be achieved.

#### **IV. Developed countries' development policies and policy coherence for MDG achievement**

##### **A. Bilateral**

As set out by the UN Secretary-General in his Gap Report, the difference between commitments pledged by developed countries and the actual flow of funds is a cause for dissatisfaction, particularly as regards sub-Saharan Africa. Besides, development cooperation needs to be more streamlined and policy coherence should be promoted within donor countries as well as among traditional and so-called "emerging" donors.

- In 2006, the share of development cooperation allocated to low-income countries, which had long been constant, rose for the first time. Commitments to increase ODA still need to be implemented. External support for developing countries in the form of programmable funds has risen by about 15-20 billion US dollars between 2004 and 2010, but to fulfil the commitments made an increase of about 40 billion US dollars per year is needed. (Source: DAC DCR 2009)
- Pledges under the global partnership for development (MDG 8) can no longer be seen as a one-sided promise that does not constitute a binding commitment towards either developing countries or other industrialised countries (donors). Delivering on commitments by all parties is a prerequisite for achievement of the MDGs. Accordingly, if individual donors fail to meet their commitments partly or in full, this will jeopardise the MDGs. Other donors' contributions (alone) cannot compensate for the shortfall of individual contributions to safeguard the realisation of the MDGs. This calls for a set of instruments that obliges all parties to deliver on their promises (see also DAC DCR 2009, Peer Reviews).
- Non-traditional development donors such as philanthropists, globally operating NGOs and donors such as China, India, Brazil and other emerging economies are playing a growing role. In order to gain most benefit from their complementary approaches for developing country partners, these donors should also adhere to the international development consensus and the principles of aid effectiveness.

- Because of the interaction of numerous factors, it is difficult to quantify the contribution made by development cooperation to the achievement of the MDGs (Bourguignon p. 47). The aid effectiveness debate laid out in the Paris Declaration and the Accra Agenda for Action must therefore be continued and the results implemented.
- The lack of predictability with regard to financial contributions by development donors makes achieving the MDGs more difficult.
- In order to give recipient countries as much responsibility as possible when it comes to using the funds on the basis of development plans or Poverty Reduction Strategy Papers (PRSPs), new instruments such as budget financing need to be strengthened in countries that meet crucial governance criteria. However, limited absorptive capacity of fragile states in particular must be taken into account when planning external support.
- However, ODA and aid alone are not sufficient to achieve the MDGs. Even with all commitments fulfilled, the need for continued economic growth with a specifically pro-poor redistributive impact (reduction of Gini co-efficient) remains.
- Other political fields such as foreign, security, environmental or agricultural policies must play a stronger role in promoting democratisation and good governance in partner countries, strengthening trade relations, compensating for climate change and supporting climate change adaptation, fostering civil and military peace initiatives and helping to stabilise fragile states.
- The interactions between other areas of foreign policy and achievement of the MDGs must be demonstrated and the need for coherence in foreign policies must be communicated to policymakers too.

## **B. On EU level**

Added up, community contributions (EU Commission) and contributions by EU member states make up more than 50 percent of global development cooperation funds. The EU Council Conclusions “The EU as a global partner for development: achieving the Millennium Development Goals”, the EU Agenda for Action on the MDGs of June 2008 and the MDG Partnership in the Joint Africa-EU Strategy list the priority areas for action: financial and political basis of the MDGs, food security, health and education, as well as the necessary financial allocations for the achievement of the MDGs. In addition, the

importance of human rights, governance and the rule of law for defining and achieving development is highlighted.

However, the potential of the EU as the world's largest donor could be used more effectively. Stronger emphasis needs to be put on policy coherence within foreign EU policies. In order to enhance effectiveness of aid, complementarity to other multilateral initiatives should be ensured.

There are also concerns as to whether the African Union has the capacity to implement the Joint Africa-EU Strategy. A needs assessment at national level is therefore crucial in on the basis of which differentiated development plans can be elaborated. The envisaged measures must also be defined more specifically and tied to binding objectives.

- The link between the MDGs and the Millennium Declaration is only referred to in passing. An overarching strategic framework to which EU development cooperation can be related is therefore lacking.
- More detail is needed in the presentation of trade and security issues and their impact on achievement of the MDGs. This is especially true for the issue of policy coherence and creating a development-friendly environment. This applies to Aid for Trade, good governance, democratisation and human rights, and also to general conditions such as vulnerability to crises or current conflicts and the required good governance.
- Priorities and agendas of other, e.g. multilateral, donors must be set out in more detail in order to make clear how EU development policy complements these programmes. This is particularly important when it comes to supporting partner governments in their efforts to elaborate country assistance strategies (CAS) or further develop national poverty reduction strategies.

## **VI. Policy in developing countries**

Strengthened ownership and due respect to the cultural, social, economic and political needs and conditions in partner countries is essential for the achievement of the MDGs. Endemic corruption and continuing capital flight are just as much hindrances to development as the economic exploitation of natural resources and the hoarding of



revenues from such sales by elites, all of which undermine good governance and democracy.

- A significant political dialogue must be part and parcel of development planning and implementation.
- In order to make the MDGs more locally relevant, the global targets should be adapted and broken down into national goals. Development assistance should refer to these national development plans and strategies.
- Fair distribution of income and the implementation of a determined social policy are just as important as other areas of policy. Economic growth must be directed to develop pro-poor effects.
- The active participation of civil society can be helpful in mobilising and demanding voice and accountability. This opens up a vital field of action for NGOs for the purpose of mobilising civil society forces in order to ensure participation in political processes. For cooperation programmes with a systemic impact, consultation with civil society groups is highly important.
- A structured exchange with civil society includes a deeper analysis of the situation in individual countries, making it easier to conduct a consolidated assessment of each country's ownership of its national strategies. The objective is a multidimensional approach involving all players and levels that will improve impact of development projects by increasing support from within society for measures initially instigated by government.
- Last but not least, partner countries increasingly need to mobilise domestic resources. This also requires the eradication of capital flight and tax havens.

## **VII. Up to and beyond 2015**

The eight MDGs, 21 targets and 60 indicators do not necessarily reflect the development goals of a given developing country, but do reflect an international political consensus regarding certain minimum requirements for decent life that are measurable and quantifiable. Many other objectives that form part of internationally agreed development goals are actually not to be found in the MDGs. These range from protection for handicapped people and enhanced provisions for social norms and core labour standards to the necessary integration of climate change indicators. However, such goals should be taken into account in national

development planning.

In order to counteract any dilution of the MDGs and thus any diminishment in the politically binding consensus with regard to their achievement, and also in order to ensure that achievement can be “monitored”, steps should be taken to forestall the political temptation to expand the goals and indicators at this point. This would put their clear definition and determinability at risk, which in the past has been a source of diverging donor and national development policies. Added to that there are major differences in the views on potential additional goals in ideological terms. It is therefore preferable to concentrate on measurable goals that encompass the various dimensions of poverty (cf. Human Development Index). Achieving this and thus putting the Millennium Declaration into practice would in itself constitute a considerable achievement, especially in the face of global economic recession.

Already today the debate is going beyond 2015. The complete eradication of poverty could be discussed as a further goal for good performers; given the limited resources available, concentrating donor contributions on the least successful countries would be another option.

Sustainability of achievements towards the MDGs must be secured in successful countries in order to ensure that, as they come to rely less on external support, targets will still be met and perhaps even surpassed. Promoting structural measures in such partner countries, for example shaping a global environment that secures these achievements, is also necessary for the process of concentrating on poorer countries or segments of the population. An international consensus will be needed in time for the MDG review conference in 2010 at the latest.

The debate about binding requirements for good governance, human rights, the rule of law and climate would also need to be continued and converged with the MDGs. These aspects of the Millennium Declaration have so far not been included as part of the MDG targets, but there is an intensive debate going on about the further development of provisions under international law within these areas (incl. the right to food).

Global public goods, to which reference is rightly made in the Millennium Declaration because of their impact on achieving the MDGs, must at the same time be structured in the light of the exigencies of development policy. The protection of global public goods is very

much an area that poses considerable challenges in terms of the sustainability of MDG achievement. Here too other areas of policy need to make a contribution.

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