

**First draft**

**Developing Countries and the Millennium Development Goals**

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**Table of contents**

Introduction	3
Goal-setting in historical perspective	3
The origins of the MDGs	5
Some shortcomings and criticisms	6
The momentum generated by the MDGs	8
Resource needs and “ownership” of the MDGs	9
An overview of progress to date	12
The new development environment	14
The policy agenda for developing countries	16
The G-24 and the MDGs	21

## **Introduction**

In the relatively short period since the term was introduced, much has been written and spoken about the Millennium Development Goals (MDGs). The unprecedented attention devoted to the concept by development practitioners and researchers, political leaders, civil society and the public at large may be its most notable feature and greatest strength. Over the years, other concepts have seized the attention of “the development set” for various periods of time; periodically droughts, famines and other large-scale disasters in developing regions (most recently, the Asian tsunami) have resulted in large-scale attention and support for those affected from the public at large in developed countries. Rarely, if ever, however, has there been such intensive focus on such a broad development agenda from such a wide range of actors in both developed and developing countries. Moreover, while there are criticisms of the MDGs and differences of opinion about the weight that should be attached to them, few people, from any part of the political spectrum, now dismiss them outright.

This surge of attention originated at a time when, after several years of development effort, there was a wide degree of aid “fatigue” and some were experiencing “Afro-pessimism” about the prospects for the region facing the greatest development challenge. The almost universal acceptance of the MDGs as a development mantra therefore reflects a remarkable, rapid and positive transformation of the global framework for development, particularly for the most challenged region and countries. However, it cannot be assured that this new-found development momentum will be sustained; it is therefore essential to ensure that full advantage is taken of the “space” that is currently available to accelerate the development process, especially in those regions and countries where it is most lagging.

The present note relates primarily to the challenge of accomplishing the first seven Goals. The eighth Goal – which addresses the responsibilities of the developed countries – is probably the most critical because it addresses some of the key actions necessary to ensure that the other goals are achieved. It is universally accepted that, in order to provide developing countries with the opportunities and possibility of achieving the first seven MDGs, the developed countries need to increase and improve development assistance, to implement wider and deeper debt relief, to promptly conclude a development-oriented trade round and to foster technology transfer. These issues have been addressed extensively elsewhere, including in various papers for the G-24, are widely known and understood and have been the subject of intensive global attention of late. To a large extent, progress on these matters at this stage is dependent on political will and commitment and requires continued advocacy rather than further analysis.

### **Goal-setting in historical perspective**

The idea of having development targets is probably as old as efforts to accelerate development in the less advanced countries. The concept of “under-development” was itself identified in statistical terms, implying that development was synonymous with

improving various statistical measures of well-being, most notably income per capita. At the national level, a development plan was almost a sine qua non for developing countries in the 1960s and 1970s and goals and targets were an intrinsic element of such plans. At the international level, the 1960s were declared a “Development Decade” for which various targets were established. The process was taken one step further at the end of the 1960s when an “International Development Strategy” for the 1970s was negotiated among Member States in the United Nations General Assembly; a similar process was undertaken for the 1980s. In both cases, a variety of global targets were established, mostly relating to economic variables, such as, in addition to income per head, the rate of growth of exports from developing countries, the share of developing countries in industrial output, etc. Some of these targets had some basis in terms of extrapolations and feasibility but others were primarily exhortations with little consideration given to their feasibility, even under favourable circumstances.

In addition to these overall global development strategies, past decades saw a wide array of more limited international development targets relating to particular sectors, regions or groups of countries. There were various global goals set in the areas of, for example, industrialization, gender, health and education. Among regions and groups of countries, the long-standing international attention given to the difficulties facing Africa resulted in a sequence of goals and targets for that continent and for sub-Saharan Africa in particular; the same applied to the group of the least developed countries.

Few of these targets were met, particularly in the 1980s, when many developing countries suffered setbacks. Nevertheless, some of the more narrowly-focussed goals produced results. One notable success was the eradication of smallpox: a comprehensive global effort resulted in this goal being achieved by the end of the 1970s. More frequently, however, there was extensive “finger-pointing” as developed and developing countries alike held the other primarily responsible for these failures to achieve agreed goals. The result was a disillusionment with comprehensive global target-setting and, although an “international development strategy” for the 1990s was again negotiated and adopted by the General Assembly, it contained almost no numerical goals or targets: its focus was primarily on policies and actions.

One distinction between the MDGs and many of the earlier global targets and strategies, particularly the three “International Development Strategies”, is the degree of political commitment and global recognition and support. At one level, the earlier goals were rarely formally adopted by Heads of State and therefore lacked that degree of political commitment that the MDGs have garnered. At the opposite level, they were little known by the public at large. Between these two extremes, most of the goals and related strategies played a negligible role in actively guiding or influencing the development plans and policies of either developing or developed countries, although they were usually promoted by the international agencies that originated them. Few commanded widespread attention at the operational level or within civil society. In contrast, as indicated above, the MDGs now enjoy high and widespread degree of political and public commitment and attention worldwide.

## The origins of the MDGs

In the afterglow of the end of the Cold War, the 1990s saw a flurry of global conferences and summits relating to development, mainly addressing such non-economic dimensions as sustainable development, social development, gender, children and human rights. The global conferences broadened the concept of development and forged a new international consensus on norms and policies in their respective areas. Despite the misgivings about global targets, the agreed declarations and commitments produced by many of the conferences included specific goals.

A first identification of the key development objectives adopted by the international community of the 1990s came from the Development Assistance Committee (DAC) of the OECD when it culled seven so-called International Development Targets (IDTs) from the outcomes of the global conferences. The intention of the DAC was to use the IDTs to guide its future aid programmes.<sup>2</sup>

Subsequently, the development chapter of the Secretary-General's report for the Millennium Summit incorporated both the shared vision of development that emanated from the global conferences and each of the IDTs identified by the DAC.<sup>3</sup> They were carried forward into the Millennium Declaration adopted by Heads of State and Government at their Summit meeting in 2000.<sup>4</sup> The Millennium Declaration was seen as reflecting the endorsement, by and large, of the seven IDTs by the international community as a whole, i.e., including the developing countries. However, the Declaration also called for action by the developed countries regarding commitments aid, trade, external debt and technology transfer.

Nevertheless, the set of goals was initially perceived by many developing countries primarily as a "top-down" initiative that was being imposed on them by the developed countries without any corresponding commitments by the developed countries themselves. Goal 8 was subsequently added to correct this imbalance, but the perceptions of the developing countries, shared by many in civil society, lingered.

Although all are mentioned individually in the Millennium Declaration, the eight Millennium Development Goals are not explicitly identified as a concrete set in the Declaration itself and, while great emphasis was given to the fact that they were "quantifiable", there was no indication of how they should be measured. In some cases, this is self-evident but in others it was left to the practitioners to distil or "translate", wherever possible, the oratory of the Declaration into specific, statistically meaningful goals and associated targets and to decide on the indicators to be used to measure progress. This task was undertaken by a group of representatives of the international organizations concerned and resulted in the specification of the eight MDGs, as well as 18 related targets and 48 indicators. These were presented to the General Assembly in

<sup>2</sup> See *21st Century: The Contribution of Development Cooperation*, OECD, 1996.

<sup>3</sup> Available at [http://unstats.un.org/unsd/mi/pdf/a\\_54\\_2000e.pdf](http://unstats.un.org/unsd/mi/pdf/a_54_2000e.pdf).

<sup>4</sup> Available at <http://daccessdds.un.org/doc/UNDOC/GEN/N00/559/51/PDF/N0055951.pdf>.

the Secretary-General's "Roadmap" for the implementation of the Millennium Declaration in 2001<sup>5</sup>. All the subsequent reporting by the UN system on aggregate progress towards the MDGs has been based on this listing of the Goals, targets and indicators.

### **Some shortcomings and criticisms of the MDGs**

There is no universal agreement on what constitutes "development" nor, consequently, on a recipe for successful development that applies to all countries at all times: experience suggests that, while there may be some necessary ingredients, many variations are possible. Correspondingly, all development strategies, policies and actions have been subject to some degree of criticism and the MDGs are no exception. There are three major areas of shortcomings.

#### *Process*

Some observers argue that, given their origins, the MDGs reflect donor rather than developing country preferences. More generally, it is also argued that the MDGs were developed in a top-down fashion and were a manifestation of "one-size-fits-all" in development policy, not necessarily responding to the needs and wishes of the individuals they are intended to help. Many developing countries, as well as outside observers, considered that setting the same goals and targets for countries at different stages of development was inappropriate and even unjust - countries were reluctant to be compared with others that were far ahead in their development process at the time of the Millennium Declaration.

#### *Content*

A broader reservation is that the MDGs are only a limited subset of the outcomes of the global conferences and that the development agenda is far broader. The full agenda is deemed to embrace a wide array of non-MDG issues in such areas as gender, employment, health, education, environment, population, human rights, social integration, finance and governance. Similarly, from a country perspective, it can be argued that the MDGs do not give adequate attention to middle income developing countries or countries in, or emerging from, conflict. A number of global development challenges, such as the impact of globalization, inequality across countries and the participation of developing countries in global economic governance, are also not addressed by the MDGs. Some of these excluded areas are addressed in the Millennium Declaration, but quantifiable goals or targets are either not appropriate or not feasible. However, this does not imply that they are not important elements of the overall development agenda.

In most cases, these omissions can be taken into account, as required, in strategies and programmes at the country level; others need to be addressed at the global or regional

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<sup>5</sup> UN document A/56/326, Annex. The list of Goals, targets and indicators is available at [http://unstats.un.org/unsd/mi/mi\\_goals.asp](http://unstats.un.org/unsd/mi/mi_goals.asp)

level. In either case, they should not serve as a reason to reject the MDG agenda. While not synonymous, the achievement of the MDGs and progress on the broader development agenda are closely interlinked and mutually reinforcing. The two are most certainly not in conflict; they can and should be pursued in tandem.

Nevertheless, the perceived omission of some key concerns has given rise to appeals for the establishment of additional MDGs, and particularly targets, in areas where they could be meaningful, for example, employment. Despite the shortcomings of the present listing, changing it would probably open a Pandora's box: those involved would find it very difficult to reach agreement on a new list, particularly if the process were undertaken in the necessary open and transparent manner and involved all the relevant actors. Importantly, a revision of the list would risk losing some of the "brand image" and corresponding public support that the current list enjoys. In many cases, as indicated above, the pragmatic solution is for individual countries to incorporate any additional goals they deem relevant into their national development strategies, while leaving the global listing unchanged. Several countries have already adopted this approach.

### *Feasibility*

In order to be meaningful and effective, any goal or target needs to be demanding yet realistic – to be feasible if additional effort is made. The goal set by President Kennedy in the early 1960s of putting a man on the moon by the end of that decade is one example of such a "stretch" goal; in the area of development, eliminating smallpox was such a goal. Both these goals were achieved, but neither would have been without the additional effort that was made as a result of the goal being established.

Because they were derived from different global conferences in the 1990s, the statistical targets within the first seven MDGs did not comprise an explicit, homogeneous set of meaningful "stretch" targets. At the simplest level, the target used as a proxy for the goal of gender equality (equal primary school enrollment rates for girls and boys), for example, has a target date of 2005 rather than 2015 because it was drawn from the outcome of the World Summit for Children that took place in 1990; when it became an MDG in 2000, achieving this Goal was almost an impossibility (and it will not be achieved). The eighth Goal suffers from the widespread criticism that, in contrast to the others, it is not time-bound. Some of the targets were extrapolations of prior "best case" trends but in most cases there was relatively little examination of their feasibility – they were primarily exhortational and aspirational and largely political declarations, rather than carefully calibrated "stretch" targets. Above all, the Goals were established as global targets: in most cases, there was little or no consideration given to their implications or feasibility at the regional or country level.

Nevertheless, the MDGs quickly came to be considered at the national as well as global targets. In some countries, some Goals present no challenge (i.e., they have already been achieved or are almost certain to be achieved, without any additional effort at either the national or international level), but there are no countries where all Goals seem likely to be achieved. At the other extreme, there are countries where all or most of

the Goals seem unlikely to be achieved even with the most favourable improvement in development policies. In the latter case, the result of a strict application of the Goals could be a sense of failure and frustration, to the detriment of future development efforts.

### **The momentum generated by the MDGs**

Despite these criticisms and shortcomings, the MDGs have not only gathered widespread moral support but have also given rise, in a relatively short period of time, to a wide range of activities intended to translate these aspirations into action to achieve the Goals. This has taken place at all levels and has involved all manner of actors – international organizations, national governments in both developed and developing countries, civil society and the public at large. The MDGs are already serving as a development framework for many global and national initiatives.

At the UN, the SG has launched a Millennium Campaign which aims to mobilize developed and developing countries to achieve the MDGs, although the focus has been on mobilizing the developed countries to deliver on Goal 8 commitments. The Campaign has called upon these countries to adopt specific targets and deadlines for meeting these commitments and is geared towards targeting countries whose development policies need most improvement. The Campaign is also calling for coherence in all national policies that have a bearing on developing countries and for improvements in global and national mechanisms that monitor progress towards the Goals.

The time-bound and quantitative nature of the MDGs has spawned a wide-ranging system of monitoring and reporting to track global, regional and national progress. At the global level, UN Secretary-General has created an Inter-Agency and Expert Group to prepare for the General Assembly an annual report that provides an overview of the implementation of the commitments in the Declaration and a comprehensive statistical annex on global and regional progress towards the Goals. These reports of the Secretary-General are complemented by a wide array of more detailed reports on progress in specific substantive and geographic areas produced by the specialized entities concerned.

At the regional level, intergovernmental groups such as the African Union have endorsed the Goals, and five regional MDG Reports, most recently for Arab States and Central Europe, have been prepared. These have been complemented by the preparation and publication of individual MDG country reports by a majority of developing countries themselves with the assistance of UNDP.<sup>6</sup> Partially prompted by the need to provide data for these reports, national statistical offices have become more involved in the collection and analysis of MDG indicators.

To underline their commitment to achieving the MDGs and their recognition of the reciprocity between donor and recipient countries in this respect, several developed countries have begun to report on their performance against the targets under Goal 8 while the European Union has prepared a consolidated report on Goals 7 and 8.

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<sup>6</sup> These reports are available at <http://www.undp.org/mdg/countryreports.html>.



As a natural follow-up to the monitoring of progress, the MDGs have also given rise to a vast array of reports on the policies and actions necessary to achieve them. Most notably, the annual *Global Monitoring Report*, produced jointly by the IMF and the World Bank, was introduced to provide an analysis of the policies and actions needed to achieve the Goals. UNDP's *Human Development Reports* for 2003 and 2005 have also focused on the actions required. At the regional level, comprehensive reports have been produced by the regional commissions of the UN, such as ECLAC and ESCAP. At the sectoral level, most of the United Nations Specialized Agencies, as well as an array of other bodies, have produced reports detailing suggested courses of action in their areas of competence. International agencies have always been adept at identifying the actions required to advance their agendas; the difference is that, on this occasion, the MDGs provide a unifying framework.

The most comprehensive and detailed set of proposals for achieving the MDGs is contained in the reports of the "Millennium Project" that was undertaken under the auspices of the UN. The purpose of this Project was to identify the national strategies and actions required to achieve the MDGs. The Project involved ten thematic Task Forces comprising scientists, researchers, policymakers and representatives of international organizations, NGOs and the private sector, each Task Force produced a report identifying the actions required in its areas of focus. The Project's overall report (*Investing in Development*) was released in June 2005 and, together with the Task Force reports, provides an operational framework intended to ensure that individual countries achieve the MDGs by 2015. The report focuses on identifying specific requirements (how many mothers need access to health clinics; how many teachers should be in each district; etc) and the means of meeting these requirements. In the light of these assessments, it recommends that developing countries that have not already done so should adopt bold, transparent, integrated and participatory development strategies. For the immediate future, it calls for a number of "quick wins" through the large-scale provision of various inputs that would save lives and reduce poverty, such as anti-malarial bed nets, AIDS antiretrovirals, bore wells to tap groundwater, free school meals, fertilizers, electric generators for rural areas, and better cooking stoves.

In 2004, the Millennium Project began "road-testing" its approach in a number of "pilot" countries to help identify the best ways to integrate the MDGs into their national strategies to reduce poverty. The aim is for these national strategies to serve as models for similar undertakings in other developing countries.

The plethora of proposed MDG-related actions is further testimony to the support mobilized by the MDGs. No previous global development agenda has been backed by such an extensive array of concrete proposals for its implementation.

### **Resource needs and "ownership" of the MDGs**

As illustrated by the Kennedy man-to-the-moon example, even challenging stretch targets can be achieved if political determination is backed by the necessary

additional resources. However, development plans and programmes have conventionally been formulated in terms of the resources that are expected to be available: policies and actions were always resource-constrained rather than ambitious. Even worse, most global development strategies and programmes of action – including the global conferences of the 1990s – have been characterized by a failure to give concrete consideration to the resource requirements of the commitments involved; most have been limited to broad and pious statements regarding the need for additional resources. The resulting inadequacy of resources was often a key reason why the targets in such strategies were not met.

On this occasion, however, the global conferences and the Millennium Declaration were followed by the International Conference on Financing for Development, which in turn adopted the Monterrey Consensus. The Consensus started by recognizing the “dramatic shortfalls in resources required to achieve the internationally agreed development goals” and indicated that “mobilizing and increasing the effective use of financial resources ... needed ... to fulfil (these) goals ... (would) be a first step”.

Prior to mobilizing the necessary resources, an even earlier step is to identify the level of resources that is required. The momentum behind the MDGs has given rise to a number of efforts to quantify the resource costs of achieving them, including an estimate by the High Level Panel on Financing for Development (The “Zedillo Panel”)<sup>7</sup> of the additional ODA required, and estimates for the *Human Development Report 2003* and *Global Monitoring Report 2004*. The most recent addition to this series of estimates is contained in the Millennium Project report *Investing in the Future*.

All these calculations should be regarded as broad orders of magnitude rather than precise calibrations of financial requirements. However, they all concur that substantial additional resources will be required if the MDGs are to be achieved. For the poorest countries, this will require a substantial increase in ODA, variously set at about \$100 billion per annum or roughly a doubling of the 2001m level. The additional ODA flows that have been pledged by the developed countries over the past few years reflect a broad acceptance of this need, even if the magnitude of the response to date remains inadequate. For middle-income countries, achieving the MDGs will require the mobilization of additional domestic resources from both the public and private sectors and an effort to attract additional external private sector resources.

Apart from the numerical estimates involved, an important aspect of these estimates, as underlined by Jeffrey Sachs and the Millennium Project, is that they transform the usual question of “What can be achieved with the resources expected to be available” into “What resources are required in order to achieve the goals we have set ourselves?”. The Millennium Project report argues that, rather than working within existing or anticipated resources, developing countries should conduct “needs assessments” to identify, firstly, the interventions necessary to ensure that the Goals are

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<sup>7</sup> Available at <http://daccessdds.un.org/doc/UNDOC/GEN/N01/413/46/PDF/N0141346.pdf>.

achieved by 2015 and, secondly, the resources, financial and otherwise, that this would require.

Coupled with the recognition of the need for country “ownership” of development policies, this transformation from the “supply- or availability-based” approach to a “demand- or needs-based” approach to resource requirements is particularly important and can serve as a “testing ground” for the new “development compact”. On the one hand, it should provide developing countries with additional policy and financial “space” in their development planning. On the other hand, it will serve as a test of the developed countries’ willingness to provide this space and to honour their commitment to provide the external resources necessary to achieve the MDGs.

Development partners should avoid prescribing either development modes, policies or actions, either directly or through conditions attached to their support. The basis of donor support should be whether the development goals and objectives that a country is seeking to achieve conform with the global development agenda manifested in the Millennium Declaration, the Monterrey Consensus and the outcomes of the global development conferences; lessons learned from elsewhere should be taken into account in deciding on the means that a country uses to achieve its goals and objectives but ultimately each country has to select its own *modus operandi* for development and its choice has to be respected by others. Equally, each country also has to take full responsibility, particularly with respect to its own populace, for the outcome.

Despite their supposed recognition of the principle of country ownership, evidence suggests that it is not yet fully reflected in practice, starting with the overall global allocation of international resources. Donors continue to allocate funds to countries that meet donor criteria, rather than in response to needs. Sometimes, these criteria are political and subjective and do not necessarily have a proven bearing on the likely achievement of the country’s development goals and objectives. Increasingly, they relate to the donor’s perception of performance. The criteria used to determine the countries that are to benefit from the US’s Millennium Challenge Account is an example. Various proposals to “fast track” some countries, for example by the Millennium Project and by the World Bank in education, in the expectation that those countries will yield fast results, are similar. In such cases, the donors’ emphasis on perceived “results” risks producing a “winner-takes-all” situation with regard to aid allocations across countries. Countries that are perceived as “successes” are likely to receive additional allocations while those encountering difficulties, such as those in a conflict or near-conflict situation, will receive less, exacerbating their predicament. Without international action to reverse this downward spiral, the latter countries risk becoming “failed states”, that have to be sustained by the international community through humanitarian relief, often at the cost of development assistance to others, when their deterioration reaches crisis point.

### An overview of progress to date

The most comprehensive and recent accounting of progress towards the MDGs is summarized in *The Millennium Development Goals Report 2005*<sup>8</sup>, a “user-friendly” statistical complement to the Secretary-General’s report *In Larger Freedom*, which was prepared for the Summit Meeting of the General Assembly being held in September 2005. The data are further analyzed in such reports as UNDP’s *Human Development Report 2005*<sup>9</sup>, ECLAC’s *The Millennium Development Goals: a Latin American and Caribbean perspective*<sup>10</sup> and ESCAP’s *A future within reach*<sup>11</sup>. In addition, progress towards selected goals is analyzed in a plethora of reports by the Specialized Agencies concerned, as well as a number of other organizations.

Inevitably, progress has been highly mixed across goals and countries. Encouragingly, all major regions have made some progress on at least some of the Goals. At this level of aggregation, there are more targets that have already been met or are projected to be met than the opposite, but a continuation of the recent rate of improvement would not be sufficient to ensure that the Goals would be met in all regions.

With regard to the over-arching objective of reducing poverty, the data suggest that Goal 1 will be met if the trend since 1990 is maintained. Globally, and despite population growth, there was a reduction of some 130 million in the number of people living in extreme poverty between 1990 and 2001. This was largely the result of a decline of over 230 million in the number of poor people in Asia, notably a large fall in China and India. In contrast, the number of poor in sub-Saharan Africa increased by over 80 million and that region’s poorest got poorer, with their average daily income decreasing from 62 to 60 cents a day.

Progress on the health-related MDGs has been mixed, but a continuation of recent trends would result in most of the poorer countries failing to reach these Goals. The reason is not the absence of effective interventions but rather that the necessary interventions, such as malaria bed-nets, skilled birth attendants and medicines, are not available to those who need them. The most pronounced case is HIV/AIDS where the availability of retroviral drugs in developing countries falls far short of needs. AIDS is now the fourth largest cause of premature adult deaths in the world. Nevertheless, malaria and TB both remain more prevalent and the combined annual death toll from these two diseases is almost equal to that from AIDS. Meanwhile, child and maternal mortality rates in many countries remain far in excess of any morally acceptable norm.

For those children who survive to school age, an education is far from assured: despite improvements in the net enrollment ratio, in 2001 115 million children of primary school age were out of school, 80 per cent of whom lived in sub-Saharan Africa or South

<sup>8</sup> Available at [http://millenniumindicators.un.org/unsd/mi/mi\\_goals.asp](http://millenniumindicators.un.org/unsd/mi/mi_goals.asp). *The Millennium Goals Report 2005* is backed by an extensive database which is available at <http://millenniumindicators.un.org>

<sup>9</sup> Available at <http://hdr.undp.org/reports/global/2005>.

<sup>10</sup> Available at <http://www.eclac.org>.

<sup>11</sup> Available at <http://unescap.org/mdgap/2ndMDGreport.htm>.

Asia. Gender-wise, progress has been made in increasing the proportion of girls enrolled but a sizeable gender gap persists where resources are lacking and a choice has to be made whether boys or girls will be educated. At least half the developing countries, accounting for almost two-thirds of the world's population, are likely to miss at least one of the three main targets for education (universal primary net enrollment, gender parity and improved adult literacy).

From a country perspective, the data suggest that there are three broad groups in terms of progress towards the MDGs. The first is a group of “fast achievers”, comprising most countries of Asia and northern Africa. These countries are largely “on track” to meet the goal of halving extreme poverty by 2015 and to achieve many of the social targets within the MDGs, although the situation is far from homogeneous across goals: even in the fast-growing economies of Eastern and South-Eastern Asia, some human welfare indicators have not improved commensurately with income. The second is a group of “slow achievers”, mainly countries in West Asia and Latin America and the Caribbean. These countries have been making good progress towards some individual Goals, for example in attaining universal primary education, but have been less successful in others, most notably in the overriding goal of reducing poverty. The third group, largely comprising countries in sub-Saharan Africa but also least developed countries (LDCs) in Asia and Latin America, has made inadequate progress on most of the goals; in some cases, there has even been regression, including, as noted above, with regard to the poverty goal.

Geographically, the MDGs are sometimes viewed as relating primarily to Africa, but they are also directly relevant to the other major regions, albeit with a different balance across goals. Even though Asia as a whole is a “fast achiever”, several of the region's least developed, landlocked and small island countries are making only slow progress. Secondly, partially reflecting its large population, Asia is home to the largest absolute number of poor, hunger remains a problem in the region and achieving human development goals is often challenging. In Latin America, income distribution is the most unequal in the world and poverty rates are unacceptably high for a region of mainly middle-income countries. Success is possible with regard to primary enrollment, including parity between boys and girls, but reaching the infant and mortality goals is likely to prove challenging. Overall, therefore, the MDGs are an appropriate element of the development strategies for all regions and the majority of countries within them.

The foregoing overview of progress towards the goals and the discussion as to whether the world, regions or countries are “on track” to meet individual goals and targets by 2015 is subject to an important qualification. Because they originated in the global conferences of the 1990s, the base year for most of the statistical indicators for Goals 1-7 and the benchmarks for the corresponding individual targets have been set at 1990 (except where the required data are not available for that year). Consequently, most projections of the possible outcomes in 2015 also start from the base year of 1990. However, even in 2005, data on progress towards most MDGs are not available beyond 2002 or 2003 (and, for poverty, 2001).

This means that the projected outcomes are weighted heavily by the results achieved before the MDGs were established as a “package” and before the new policy framework was adopted. Consequently, the *global* poverty goal, for example, could not be interpreted as a “stretch” target that, as of 2000, would require additional effort because “business as usual” would result in its being achieved. At a disaggregated level, this applies, par excellence, to those countries designated as being “on track” to meet the goals. For this reason, a number of the “fast achievers” have established “MDG-plus” goals which they consider to be appropriate stretch targets.

The corollary is that the projection that many countries will fall short of the Goals is also based on the implicit assumption that the circumstances and policies of the 1990s have prevailed until now and will continue to do so. This, in turn, raises two points. The first is that some actions, even if not sufficient, have already been taken. There are inevitably lags between new policies and their outcomes and further lags before the data reflecting those outcomes are available so it is unlikely that the effects of the policy changes of the past five years have been reflected in the data available to date. If it is assumed that these changes have, as intended, already improved prospects, relying on the data so far available to anticipate future outcomes, including the situation in 2015, may provide an unduly pessimistic view, even if no further action is taken. Hopefully, projections such as those that certain goals will not be reached in some regions until well into the twenty-second century are already obsolete.

The second point is that, despite these reservations, extrapolation can be used to identify the areas where the challenges are greatest - and preferably then used to devise appropriately differentiated “stretch” goals. The extent of the “stretch” – how much additional effort, of what type and whether success is feasible within the prescribed timeframe – will vary from country to country.<sup>12</sup> Customization of the MDGs themselves, not only the policies to achieve them, is another reason for a country-by-country approach.

### **The new development environment**

There are very few situations that cannot be improved and doing so should be a permanent objective. It will, for example, always be possible to aim for even more ambitious development goals and to identify circumstances under which more favourable outcomes might be envisaged. Nevertheless, this quest for further improvement should not detract from identifying progress where it has been made and, above all, from capitalizing on it.

Whether the reason is end of the Cold War, the global conferences, the Millennium Declaration, the MDGs, the lessons of experience or some interaction of these and other factors, there have been some favourable shifts in international development policy over the past few years. Many of these changes have accorded with

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<sup>12</sup> This excludes the fact that the measurement of poverty varies from country to country and that the global benchmark of “\$1 (or \$2) per day” is not applicable at the country level.

proposals made by the developing countries themselves, frequently reflected in the deliberations of the G-24.

As argued above, the global momentum behind the MDGs is itself a positive development that has spawned or been accompanied by a number of more specific changes. First and foremost, there has been a significant improvement in development management in many developing countries. There is greater acceptance by the developing countries that each has primary responsibility for its own development and there has been widespread success in reducing inflation, correcting fiscal deficits, achieving sustainable current account deficits and improving efficiency at the sectoral level. Secondly, there appears to be more common ground between donors and recipients than a few years ago. There has long been recognition that any “one size fits all” approach is unlikely to prove successful and that policies have to be country-specific, but this finally seems to have been accompanied by a recognition by the donors of the importance of “country ownership” and a general understanding by donors that conditionality is usually ineffective. This may not yet have been fully reflected in practice but the trend appears to be in the right direction. As part of this change, donors are less reluctant than previously to provide broad budgetary support and also more willing to fund development activities undertaken by non-governmental actors, including those within the recipient country.

More generally, the acceptance of “mutual responsibilities” has reduced, although not completely removed, the “finger-pointing” that used to characterize most assessments of progress towards global development objectives. In both developed and developing countries, electorates and civil society organizations are increasingly holding their governments accountable for development progress (including through the preparation of national Human Development reports). At the same time, governments are increasing performing self-assessments. The UNDP-promoted national MDG reports are one reflection of the developing countries’ recognition of their responsibility for their own development, but a more striking example is the Peer Review mechanism adopted by a number of African countries as part of NEPAD. The decision of a number of developed countries to produce reports on their implementation of Goal 8 is a reflection of their recognition of the new development partnership.

Externally, the most notable structural improvement has been the sea change in the direction of aid flows. The earlier talk of “aid fatigue” and the corresponding downward trend in ODA has evaporated over the past few years and been replaced not only by increased flows but, in many instances, by commitments to further increases over the medium-term. Sceptics would argue that these commitments may fail to materialize but, at present, there is considerable peer and public pressure to ensure that pledges are honoured. Positive and tangible signs of progress by the developing countries in adhering to their part of the “development compact” would increase this pressure. Greater certainty regarding future, possibly increased, aid flows (rather than the uncertainty and declining flows of the past) should facilitate the planning and successful implementation of some of the actions necessary to achieve the MDGs.

In addition, there is the possibility that additional development financing may become available through “innovative” sources. Although nothing has materialized so far, even a discussion of the subject was unthinkable only a few years ago and it remains possible that some success will be achieved over the medium term. Meanwhile, after decades of rhetoric, progress is being made in improving the quality of aid, with the OECD countries having committed themselves to specific targets in this regard. Progress has also been made in reducing the external debt burden of the poorest countries and the discussion of debt sustainability has provided greater understanding of the pervasive negative effects of excessive external debt on developing countries. As part of a recognition of the need for “coherence” in developed countries’ development policy, there has been a commitment to a development-friendly series of trade negotiations, although delivery on this commitment has been lacking.

Finally, after a slow start to the Millennium, recent global economic conditions have been unusually supportive of growth in developing countries: international trade has been growing rapidly, commodity prices have risen notably (although partially offset by the devaluation of the US dollar) and private sector financial flows have increased in volume and declined in cost. There are undeniably some clouds overhead but most developing countries appear better prepared than previously to weather any storm.

Naturally, the past decade or so has also witnessed some general setbacks to global development efforts, such as the uneven effects of globalization, the explosion of HIV/AIDS, the rise of terrorism and the opportunity costs of fighting it, the bursting of the dot-com bubble and others, as well as some one-off events (such as the Asian tsunami). At the country level, there have been a number of political and/or economic crises (such as Argentina) which, in turn, have had spillover effects.

On balance, the present situation appears to provide a relatively favourable set of opportunities for developing countries to shift some attention from short-term concerns to longer-term development priorities. Developing countries should capitalize on the present comparatively favourable development environment to address the MDGs and advance the overall development agenda as rapidly as possible. The improvement in the international development policy environment may not be sustained if the recent changes do not bear fruit in the form of some tangible success. Indeed, this possibility of a deterioration is one of the factors that should be taken into account: as part of their long-term development efforts, countries should include arrangements to face a rainy day.

### **The policy agenda for developing countries**

The domestic policy areas that developing countries should consider addressing in order to accelerate their development and achieve the MDGs have been detailed in the conclusions of the global conferences, the broad policy proposals in the *Global Monitoring Report*, the more detailed suggestions in the report of the Millennium Project and its twelve companion Task Force reports and an array of ideas in publications by specialized sectoral and regional bodies, academics and NGOs. In preparation for the Global Summit, this multitude of proposals was distilled into a number of broad policy



priorities in the UN's "Larger Freedom" report, complemented by a report for the UN Economic and Social Council (E/2005/56).<sup>13</sup> Having considered these materials, the General Assembly has prepared a "draft outcome document" for the Summit (A/59/HLPM/CRP.1/REV.2)<sup>14</sup>. This was still under negotiation at the time of writing but it presents broad proposals for action under the following headings:

- Global Partnership for Development;
- Financing for Development;
- Debt;
- Trade;
- Systemic Issues;
- South-South Cooperation;
- Education;
- Rural and Agricultural Development;
- Employment;
- Environment;
- HIV/AIDS and other Health Issues;
- Gender Equality and the Empowerment of Women;
- Science and Technology for Development;
- Countries with Special Needs; and
- Meeting the Special Needs of Africa.

This broad framework and the multitude of more specific proposals elsewhere can serve as an initial menu of options that individual developing countries can consider, in the light of their specific needs and circumstances, in the formulation of their own national development strategies. Almost all of the possible actions are well-known to practitioners; the over-riding need is not for proposals but implementation and hence for resources. Many of the policies and actions required will be technical, Goal- and country-specific; the following focuses on a number of broad, largely generic, policy, questions.

### *Country-owned development strategies*

It is now generally accepted that the first requirement is not a single top-down global plan but a series of country-owned development strategies and programmes. The draft outcome document for the Summit explicitly calls for countries to "adopt, by 2006, and begin to implement comprehensive national development strategies ..." (para.21). All developing countries should seize this opportunity to formulate fully country-owned medium- and long-term development strategies in which the MDGs and other national goals, including specific national targets, timeframes and indicators, are tailored to country-specific conditions and priorities; these strategies then need to be translated into concrete policies and actions, including costing and schedules for implementation. Each strategy should set out a trajectory for achieving the proposed goals and should identify the additional policies, institutions and investments to achieve them. Above all, as emphasized in the report of the Millennium Project, these strategies, policies and actions

<sup>13</sup> Available at <http://daccessdds.un.org/doc/UNDOC/GEN/N05/330/02/PDF/N0533002.pdf>

<sup>14</sup> Available at <http://daccessdds.un.org/doc/UNDOC/GEN/N05/457/24/PDF/N0545724.pdf>.

should be “bold”, meaning that they should be based on a “needs-based” approach that identifies the infrastructural, human and, particularly, financial resources that are required to meet the country’s goals, rather than being constrained by some anticipated or assumed availability of resources.

In order to ensure meaningful and effective national ownership, the preparation of such strategies should be as inclusive as possible, involving not only final endorsement by national legislative bodies but also the participation of local elected officials and civil society. Lessons in achieving effective participation can be learned from those countries that have applied this approach in preparing Poverty Reduction Strategy Papers (PRSPs). In most cases, this methodology, particularly building, and making fully effective, the wider participatory processes, will, in itself, have human and financial implications. Having secured full domestic endorsement, these national development strategies should be made widely known within the country and used as the basis for all discussions with development partners regarding their cooperation and support, including, for example, in the preparation of PRSPs for the World Bank/IMF.

In many developing countries, the government and other public sector human and physical infrastructure is likely to be inadequate to play its necessary role in advancing progress towards the MDGs. In many cases, this is result of policies in the 1980s and 1990s that called for economic deregulation, the removal of the government from most economic activities and an overall decline in the role of the State in the economy. In many countries in sub-Saharan Africa, there was a collapse of many of the public services that are now required to advance progress towards the MDGs. In addition to the quantitative decline in government capabilities, the focus on reforms and short term macro-economic equilibrium weakened the capacity of Governments to conceive and implement the type of long-term development strategies, policies and programmes that are required to pursue the MDGs. Rebuilding this capacity needs to be a priority in many cases.

One of these public sector weaknesses is the lack of adequate, timely and reliable data, including for several of the agreed Goals, both at the aggregate/national level and disaggregated by region, gender or other sub-groups of the population. As evidenced in on-going efforts to monitor progress towards the MDGs, the necessary data and capacity to produce them are often most lacking in the countries where they are most needed. The lack of data creates difficulties for assessing needs and formulating and implementing the necessary policies and programmes. In addition, donors are increasingly calling upon developing countries to quantify the “outcomes” of externally-supported activities and are using the results as a basis for aid allocations. This new burden is difficult to avoid but it another reason for improving data availability. In many countries, statistical capacity was one of the government functions that that suffered neglect and decline in many of the poorest countries in the era of public sector parsimony. This is now an extensive need for capacity-building in development statistics to reverse this damage. As in a number of areas, action regarding statistics is already under way, with a number of bilateral and multilateral agencies providing technical cooperation for capacity-building.

### *Improving domestic economic growth*

Most of the countries that are expected to have the greatest success in achieving the MDGs are also experiencing sound overall economic growth. Economic growth alone is not sufficient for successful development, but it will usually have some beneficial impact, both by reducing poverty directly and by increasing the availability of resources that can be used to address other development goals. Evidence indicates, for example, that countries with higher growth rates have lower rates of hunger and lower levels of HIV/AIDS.

In order to initiate these virtuous circles, a primary objective must be to enhance economic growth by, inter alia, sustaining earlier improvements in national macroeconomic management, increasing investment in physical and human infrastructure, improving public sector performance and encouraging private sector development. Particular attention should be given to encouraging the development of small- and medium-sized enterprises. In the poorer countries, attention should probably be focused on the agricultural sector and involve the provision of fertilizer and other inputs to raise productivity; in the middle-income countries, increased investment and advances in science and technology should be used to raise output in the secondary sector.

### *Reducing domestic inequalities*

Inequality is pronounced in most developing countries and manifests itself in many forms. Apart from the ethical questions involved, it is argued that inequality itself dampens growth by reducing the efficiency of use of human and physical capital. In terms of the benefits of growth, an income distribution that is skewed in favour of the rich means that poor people receive a smaller share of the benefit from any given rate of growth than they would if income distribution were more even (or, from the other perspective, that a higher rate of growth is required to achieve a specified reduction in poverty). Achieving and, above all, sustaining the rates of economic growth required to realize the reductions in poverty that are desired may be difficult in some countries or for some periods of time. By both raising the growth rate and making the results of growth more pro-poor, improving income distribution would be a useful contribution to national strategies to reduce poverty.

It may be difficult to make a sizeable improvement in income distribution in the short-term but this should not be allowed to discourage immediate efforts in this direction. Income redistribution should be a perennial long-term goal against which the distributional effects of short-term measures should be judged.

### *Mobilizing additional domestic financial resources*

Raising the rate of economic growth rate will require a higher rate of investment, particularly in infrastructure, including social infrastructure. For the poorest countries, it is hoped that additional ODA resources will become available for these and other

development purposes. Middle income countries should receive some external support from other channels. In both cases, however, domestic resources will have to play a key role and national strategies, policies and actions should include measures to increase the mobilization of domestic financial resources. Most developing countries, particularly those currently deemed to be unlikely to achieve the MDGs, need to mobilize substantial additional public and private domestic financial resources, both through taxation and improved financial intermediation. At the same time, care has to be taken to ensure that increased taxation does not have adverse effects on the poor. Similarly, in efforts to mobilize private financial resources, particular attention should be given to micro-financing mechanisms that serve the poor. These should include arrangements to facilitate the increasing flow of workers' remittances that more and more developing countries are receiving.

### *Capitalizing on the interdependencies among the MDGs*

Although all the Goals and targets have a standing in their own right, they are inextricably interdependent and progress (or lack thereof) towards any of them is likely to have positive (negative) spillover effects on the remainder. The central goal of reducing extreme poverty is heavily dependent on progress towards all the other goals; at the same time, reducing poverty provides individuals with the resources and opportunities to improve nutrition, health and education. Similarly, progress towards many of these other goals can also contribute to, or depend on, acceleration towards other targets. These interdependencies – the precise nature of which will vary from country to country - should be exploited as far as possible in national strategies. Particular attention should be directed to breaking the various vicious circles of poverty and the trans-generational transmission of poverty.

### *“Scaling up” services for human development*

In order to realize these interdependencies, expenditures on economic and social infrastructure and services, notably health and education, need to be “scaled up” as rapidly as possible. However, because of the need to train personnel and other constraints, success in some of these areas may take some time in some countries, particularly the most lagging. Meanwhile, Governments, in consultation with donors, should examine the possibility of achieving some “quick wins” in these sectors, possibly through the direct provision of such goods as bednets, vaccinations, school meals, etc, particularly to the poorest.

In the absence of adequate public sector health, education and other social services in some countries, individuals, including the poor, sometimes use the private sector. In cases where the public sector is unable to respond effectively, “scaling up” could include giving a role to the private sector. In this instance, the challenge would lie in devising regulatory mechanisms and well-defined responsibilities to ensure that the country's policies were being followed by private sector partners.

*Improving the management of aid*

There are some grounds for optimism that there will be some increases in aid for the poorest countries, some reductions in the limitations on its use and some simplifications in donor procedures. This will, however, increase the responsibility on developing countries to demonstrate that they can take full and effective advantage of these new opportunities and can address some of the challenges that may arise if there is a substantial increase in aid flows. In most countries receiving aid, strengthening the national aid machinery, particularly in the sectors that are likely to be the larger beneficiaries, should be part of the effort to rebuild the capacity for long-term development programming.

Attention needs to be given to addressing the difficulties that are feared when aid is increased rapidly. At the operational level, these include the questions of, on the one hand, absorptive capacity and, on the other, the crowding out of domestic, private sector activities. At the macroeconomic level, there are concerns about the effect of large aid flows on domestic inflation, the exchange rate and the government budget. Governments should be aware of these potential difficulties and have means at hand to address them if necessary.

**The G-24 and the MDGs**

The widespread use of the MDGs as a global framework for development policy, coupled with the greater flexibility and responsibility supposedly being given to developing countries in determining their national policies, creates new challenges for developing countries. The G-24 may therefore wish to include a discussion of some of these broad domestic policy issues on its future agenda. This would not only provide an opportunity for an exchange of “lessons learned” but would also backstop developing countries’ discussions with the Bank and the Fund on these matters. Discussions about national policies and other actions necessary to achieve the MDGs are likely to be on the agenda of these institutions for some time, including in the annual discussion of the findings of the *Global Monitoring Report*. Developing countries could use their varied experiences to amplify the cross-country analysis that is often an important basis for the conclusions in such reports. In its proposed changes to the “draft outcome document” for the Summit, the United States has proposed the establishment of a South-South Peer Review Mechanism similar to that associated with NEPAD; the G-24 could play a role in such a mechanism.

As repeatedly emphasized, the developed countries’ adherence their commitments under Goal 8 is likely to be a critical factor in determining whether the MDGs are achieved within the prescribed timeframe. The G-24 should therefore continue to monitor developments in these areas and to identify possibilities for quantitative and qualitative improvements.

The developed countries’ commitments to increase the quantity and improve the quality of aid flows are particularly worthy of attention, including in terms of their practical consequences for recipients. The administrative burden of aid on recipient

countries should decline but the increased volume of flows, together with their increased ownership and possible new orientations of their programmes, will impose additional managerial burdens. In addition to the overall peer review mechanism referred to above, addressing these new challenges might benefit from South-South cooperation in the form of more focused exchanges on how to deal with donors under the new arrangements, how to identify and formulate aid proposals for submission to donors and how to manage aid operations. Such an arrangement could be viewed as the recipients' counterpart to the donors' DAC.

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