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# THE MDGs BEYOND 2015

Deepak Nayyar



# RESEARCH PAPERS

38

## THE MDGs BEYOND 2015

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SOUTH CENTRE

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## **INTRODUCTION**

The Millennium Development Goals (MDGs) are in the news. It is ten years since these were adopted by the United Nations. And, in late September 2010, political leaders from across the world gathered in New York for a meeting of the General Assembly to discuss the past decade and the next quinquennium. This is the life span of the MDGs which are the focus of attention among people for different reasons. Some are concerned with the past to review progress. Some concentrate on the present to consider the implications of the financial crisis and the Great Recession in the world economy. Some think about the future and how to traverse the remaining distance. The conjuncture is obviously important and so are the reasons. But the object of this paper is different. It seeks to discuss MDGs in prospect rather than retrospect. But it does not enter into a discussion on the next five years. The object is to reflect on possibilities and options beyond 2015. The structure of the discussion is as follows. Section I sets the stage before the play begins. In doing so, it begins with the rationale and significance of the MDGs, outlines the broad contours of outcomes so far, and draws lessons from the diverse experiences. Section II attempts an evaluation of MDGs. It situates the MDGs in the wider context of thinking about development and makes a comparison with other similar approaches, although the essential purpose is to provide a critical assessment of the conception and design of MDGs. Section III contemplates the future. It discusses options beyond 2015 in terms of possible choices to explore the necessary and desirable contours of change which could be the foundations of a modified or alternative framework. Section IV examines what developing countries could do in their respective national contexts for the pursuit and attainment of development objectives embedded in the MDGs. Section V is about the international context, where the focus has been narrow and the progress has been slow so far. It highlights possibilities of change for the better but argues for a different approach and framework which would be conducive for development.

## I THE SETTING AND THE CONJUNCTURE

The MDGs began life at the Millennium Summit of the United Nations in September 2000 where Heads of Governments adopted the Millennium Declaration that set priorities for the twenty-first century.<sup>1</sup> Soon thereafter, in early 2001, some of the essential commitments in the Declaration were selected, condensed and presented as the MDGs, which sought to eradicate poverty and hunger, achieve universal primary education, promote gender equality, reduce child mortality, improve maternal health, combat common diseases, ensure environmental sustainability and develop a global partnership for development. This was an important watershed. It was the outcome of a long process in the United Nations, beginning with the resolution outlining the International Development Strategy in 1970.<sup>2</sup> The attempt to place poverty reduction and concessional assistance on the international agenda for development continued. It remained the theme at a sequence of conferences and summits during the 1990s where some commitments were made.<sup>3</sup> But it was also an outcome of history in a more substantive sense.<sup>4</sup> The period from 1950 to 1980 witnessed economic growth at a respectable pace across the developing world, which was a radical departure from the stagnation in the colonial era, but this growth did not translate into well-being for ordinary people. The period from 1980 to 2000, the era of markets and globalization, belied expectations and promises of the ideologues. Economic growth across the developing world, except for China and India, was much slower and more volatile than the preceding three decades. What is more, there was a discernible increase in economic inequalities between countries and people, while poverty and deprivation persisted in large parts of the developing world. Thus, it would seem that development experience of the preceding 50 years made 2000 an almost natural conjuncture for the birth of the MDGs.

### A. Rationale and Significance

World leaders pledged to do everything possible to eliminate extreme poverty. Their pledge was an integral part of a wider context which aspired to meet four formidable challenges for humankind: development and reduction of poverty, democracy and human rights, peace and security, and environmental sustainability. The significance of MDGs, as a statement, was two-fold. At one level, it characterised the multiple dimensions of poverty and deprivation in the world. At another level, it recognised that this was a critical element in the four global challenges. There was an explicit recognition that poverty reduction and economic development must rest on the foundations of democratic governance, human rights and environmental sustainability with peace and security.

There were three dimensions to the significance of the MDGs. It was an explicit recognition of the reality that a large proportion of people in the world were deprived and

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<sup>1</sup> See United Nations (2000).

<sup>2</sup> There were two resolutions in the United Nations in 1970, on the International Development Strategy for the Second United Nations Development Decade, which set out the objective that official development assistance to developing countries should reach a level of 0.7 per cent of GDP of industrialized countries by middle of the decade (United Nations, 1970).

<sup>3</sup> For a discussion on MDGs in historical perspective, see Jolly (2010).

<sup>4</sup> In retrospect, it is clear that turning points in thinking about development during the second half of the twentieth century, which reshaped strategies, were strongly influenced by history and conjuncture, reinforced by the dominant political ideology of the times. This hypothesis is developed, at some length, elsewhere by the author (Nayyar, 2008).



poor. It was a statement of good intentions that sought a time-bound reduction in poverty to improve the living conditions of those deprived and excluded. It was an attempt to place this persistent problem, until then a largely national concern, on the development agenda for international cooperation. Taken together, these attributes of the MDGs introduced a mechanism, even if implicit, to monitor progress in the pursuit of stated objectives. In fact, some of the targets were specified in quantitative terms with respect to stipulated time horizons. Thus, in principle, national governments could be held accountable by their people, just as the international community could be held accountable by national governments. In practice, however, this accountability was limited, because the constituencies, poor people or poor countries, that might have invoked it, simply did not have the voice let alone any power of sanction.

In retrospect, it would seem that the MDGs served a tactical purpose to rescue the Millennium Declaration from oblivion.<sup>5</sup> This is the common fate of summits, events or pronouncements, which are the focus of attention for a while but memories fade with the passage of time. The MDGs, extracted from the much longer text of the declaration and placed in a stand-alone form, came to acquire an identity on their own. But, as it turned out, the MDGs did not quite serve their larger strategic purpose of changing the discourse on development.<sup>6</sup> Yet, it is clear that the MDGs, much like the human development index, caught the popular imagination. The reasons are almost obvious. There is a simplicity that is engaging. There are targets that are quantitative. There are objectives that are easy to comprehend. There are good intentions with which no one could possibly disagree. It is no surprise that the MDGs galvanised widespread international support across the entire spectrum of stakeholders. The engagement of the international community was natural, so that multilateral institutions and international organisations provided the meeting space for continuing consultations and monitoring progress. The engagement of national governments was also inevitable, as domestic political processes and civil society organisations entered the picture. But the interest, if not participation, soon extended to the media, policy researchers, private sector entities and concerned citizens, everywhere.

## **B. Assessment of Outcomes**

The present conjuncture is particularly important for an evaluation of progress with respect to the objectives set out in the MDGs. September 2010 marks the completion of ten years since the Millennium Summit in September 2000, which set goals for September 2015. Therefore, the MDGs have completed two-thirds of their life span in their first incarnation. And if 1990 was the base year and 2015 is the terminal year for the goal that was set in 2000, only one-fifth of the stipulated time horizon of 25 years remains for the attainment of the goals. But that is not all. There is also a natural concern about the implications of the financial crisis, the food crisis and the environmental crisis which have roughly coincided in time. This triple crisis is bound to have implications and consequences for the MDGs. It is, therefore, an appropriate time for reflection, or introspection, on what remains to be done before 2015 and what should be done after 2015.

There is an extensive literature on the subject that attempts to provide an assessment of progress on MDGs.<sup>7</sup> It would mean too much of a digression to enter into a detailed discussion here because the purpose of this paper is somewhat different. Even so, it is

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<sup>5</sup> The political significance of this tactical purpose is highlighted by Vandemoortele (2010).

<sup>6</sup> See Vandemoortele (2010) and Fukuda-Parr (2010).

<sup>7</sup> See, for example, United Nations (2009), UNDP (2010), ESCAP-ADB-UNDP (2010), United Nations (2010),

important to recognise that the outcomes so far have been uneven and mixed. There is progress, more in some regions or in some countries, and more in some objectives, than in others. There is also regress in some countries with respect to some objectives, but there is no regression at the global level. In some spheres, there may have been an improvement in terms of coverage juxtaposed with deterioration in terms of quality. And, in a few domains, we have miles to go.

It is worth noting that there are inter-regional, intra-regional, inter-country and intra-country differences in outcomes when compared with objectives set out in the MDGs. In terms of inter-regional differences, considering the entire spectrum of objectives, available evidence suggests that Latin America is the nearest, and Africa is the farthest from the stipulated goals, while Asia is somewhere in between although it has made much better progress in poverty reduction than other regions.<sup>8</sup> Intra-regional differences exist everywhere but are striking in Asia. Given the wide range of objectives, on balance, East Asia and South East Asia are nearer whereas the least developed countries and the pacific islands are farther from the stipulated goals, while South Asia is somewhere in between although it has made significant progress in poverty reduction.<sup>9</sup> It is no surprise that inter-country differences are significant in most objectives. But, in general, the countries that fare better, or the countries that fare worse, than the average do so with respect to most of the goals, while outcomes are not necessarily determined by the rate of economic growth. The picture would not be complete without recognising that there are significant intra-country differences in outcomes, with respect to most goals, if a distinction is made between men and women, or boys and girls, as also between the rural sector and the urban sector. As a rule, there is a gender bias against women or girls and a sector bias against the rural sector.<sup>10</sup>

It is obviously difficult to assess outcomes across a large number of objectives. It is somewhat easier to assess outcomes for a smaller range of selected objectives. There is an interesting study for a few selected indicators: the under-five mortality rate, the proportion of underweight children, the net enrolment ratio in primary education, the ratio of girls to boys in primary schools and the proportion of births attended to by skilled health personnel. It is argued that these indicators provided a good combination of relevance, reliability and coverage. Using the latest available data for these indicators drawn from global databases, it has been estimated that the world has achieved about 40 per cent of the targets set in the MDGs for selected indicators in about 70 per cent of the stipulated time horizon.<sup>11</sup> It follows that 60 per cent of the distance must be covered in the remaining 30 per cent of the time. Obviously, such an assessment is at best a rough approximation because it is based on an exercise that is selective in its choice of indicators and involves aggregation across indicators. Yet, it provides some assessment of the journey so far and the remaining distance to the destination.

There are studies that attempt to assess outcomes across the spectrum of objectives, which confirm that the progress so far is simply not enough to reach the stipulated targets in 2015. Given this reality, it has been argued that the correct measure for the implementation of MDGs is not whether targets are likely to be met but whether faster progress is being made

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<sup>8</sup> See United Nations (2009) and ESCAP-ADB-UNDP (2010).

<sup>9</sup> For a detailed discussion, with supporting evidence, see ESCAP-ADB-UNDP (2010).

<sup>10</sup> Such gender bias and urban bias is a characteristic of development experience almost everywhere. It is hardly surprising that available evidence on progress with MDGs provides confirmation. See, for example, United Nations (2009) and ESCAP-ADB-UNDP (2010).

<sup>11</sup> See Vandemoortele (2010).

towards the objectives. Such an exercise shows that, for most indicators in most countries, progress has not been faster. Indeed, for most goals, the number of countries in which there is no acceleration in progress is much larger than the number of countries in which there is some acceleration in progress.<sup>12</sup> For example, while access to safe drinking water is claimed as an MDG success, progress has been faster in only one-third the countries.

### C. Learning from Experience

The lessons drawn from the experience with the MDGs so far are manifold and complex. Different experiences across countries suggest some lessons. Differences in progress in respect of different goals suggest other lessons. Different analysts emphasise yet other lessons. Under the circumstances, generalisations are difficult. All the same, it is possible to discern some common elements in suggested correctives and proposed rethinking.

Studies carried out by the United Nations, which review the experience so far, suggest some correctives in the MDGs agenda for the period 2010 to 2015.<sup>13</sup> The policies and the strategies outlined to accelerate progress in the realisation of MDGs include: fostering inclusive and pro-poor economic growth; increasing public investments in education, health, water, sanitation and infrastructure; scaling up social protection and employment programmes which target the poor; creating more economic and social opportunities for women and girls to enhance their participation and empowerment; stressing domestic resource mobilisation to finance the pursuit of goals; supporting good governance at country level; and ensuring the global partnership, with a focus on aid, to create an enabling environment for attainment of the MDGs. There is not much that is new in these exhortations. Much of it was embedded in the spirit if not the letter of the MDGs. However, outcomes and experience have highlighted the importance of these correctives.

The more interesting lessons are implicit in rethinking about the MDGs as a whole. There is a strong inter-dependence among the MDGs, such that a faster movement towards one objective often speeds up progress in others. These important synergies create a cumulative causation that could lead to virtuous circle, but could also lead to the opposite in the form of vicious circle. Strategies of development that are local and participatory succeed because there is ownership and there are stakeholders. But policies or programmes drawn up by donors or consultants from outside often fail. Gender equality in access to education and health, as also in property rights and political participation, speeds up progress towards the MDGs. It is necessary to invest in education, health, water and sanitation on the supply side, but it is not sufficient unless it is supported by policies such as the elimination of user-charges on the demand side which provide the poor with access. Poverty reduction is easier when supported by increased productivity, higher wages and employment creation in the agricultural sector. This process can be reinforced by targeted intervention that extends from employment programmes to social protection. It is clear that domestic resource mobilisation is not only the primary source but also the only sustainable means of financing the MDGs. The global partnership for development must perform better in the sphere of concessional development assistance but it needs much more to create an international environment that is conducive to development in poor countries.<sup>14</sup>

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<sup>12</sup> For a detailed discussion, with supporting evidence, see Fukuda-Parr and Greenstein (2010).

<sup>13</sup> See, in particular, UNDP (2010). See also United Nations (2009), United Nations (2010), and ESCAP-ADB-UNDP (2010).

<sup>14</sup> These lessons, too, emerge from the cited United Nations reviews as also from academic studies.

In this context, it must be recognised that the discourse on the MDGs just as much as the debate on development, is often shaped by ideological perspectives. Therefore, the lessons drawn from experience, particularly in orthodox thinking, are selective and partial. The conventional view is that the MDGs are attainable wherever economic growth is rapid, foreign aid is substantial and governance is good. The moral of the story is that human development is largely growth-mediated, aid-mediated or governance-mediated. In this world view, if countries performed poorly with respect to the MDGs it was because growth was not enough, aid was not sufficient and governance was poor.<sup>15</sup> This is an oversimplified, if not simplistic, characterisation of outcomes. In reality, growth may not trickle down, aid may be marginal if not irrelevant, and the quality of governance might be a consequence rather than a cause of development. The growth, aid and governance arguments have something in common because they believe that the MDGs agenda is essentially about economic policies and economic development. The underlying belief is that there are best practices in every sphere which can be replicated, or scaled, across space and over time. This belief system is based on a convenient but inappropriate abstraction. In fact, economic outcomes are shaped by political processes and social transformation. Therefore, it is a mistake to focus on the economy in isolation from polity and society.

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<sup>15</sup> For a lucid and critical analysis of this worldview, see Vandemoortele (2010).

## II EVALUATING THE MDGs: CONCEPTION AND DESIGN

It is not only appropriate but also important to situate MDGs in the wider context of thinking about development, which makes it possible to provide an evaluation of MDGs at two levels. First, it is necessary to consider MDGs in comparison with other approaches which have similar concerns about development. Second, it is essential to analyse the limitations of MDGs as a framework for assessing outcomes in development.

### A. Conception of Development

It is both necessary and desirable to reflect, even if briefly, on the essential meaning of development. The reason is that the agenda on development in terms of both theory and policy has, unfortunately, narrowed with the passage of time. So has its meaning and the object of its focus. Of course, there is a vast literature on economic development which is rich in terms of range and depth. Yet, there is not enough clarity about the meaning of development. There are many different views. And perspectives have changed over time.<sup>16</sup>

In the early 1950s, conventional thinking identified development with growth in GDP or GDP per capita. The earlier literature emphasized economic growth and capital accumulation at a macro level. The contemporary literature emphasizes economic efficiency and productivity increases at a micro level. The underlying presumption is that economic growth and economic efficiency are not only necessary but also sufficient for bringing about an improvement in the living conditions of people. From time to time, dissenting voices questioned conventional wisdom to suggest other indicators of development but these were largely ignored by mainstream economics. And, more than fifty years later, economic growth or increases in per capita remain the most important measure of development.

The early 1970s witnessed the emergence of a literature that suggested other indicators of development such as a reduction in poverty, inequality and unemployment which would capture changes in the quality of life.<sup>17</sup> This thinking moved further. Development, it was argued, must bring about an improvement in the living conditions of people. It should, therefore, ensure the provision of basic human needs for all: not just food and clothing but also shelter, health care and education.<sup>18</sup> It was stressed that this simple but powerful proposition is often forgotten in the conventional concerns of economics. Such thinking culminated in writings on, and an index of, human development.<sup>19</sup>

In the late 1990s, Amartya Sen provided the broadest possible conception of development as freedom: a process of expanding real freedoms that people enjoy for their economic well-being, social opportunities and political rights.<sup>20</sup> Such freedoms are not just constitutive as the primary ends of development. Such freedoms are also instrumental as the principal means of attaining development. What is more, there are strong inter-connections that link different freedoms with one another. Political freedoms help promote economic

<sup>16</sup> For a detailed discussion, see Nayyar (2007).

<sup>17</sup> See, for example, Baster (1972), Seers (1972) and Morris (1979).

<sup>18</sup> See Streeten (1981) and Stewart (1985).

<sup>19</sup> There is an extensive literature on the subject. For a discussion on the conceptual foundations, see Sen (1989) and Haq (1995). For an analysis of issues related to methodology and measurement, see Anand and Sen (1994).

<sup>20</sup> See Sen (1999).

security. Social opportunities facilitate economic participation. Economic well-being supports social facilities and reinforces political rights. In this manner, freedoms of different kinds strengthen one another.

The purpose of development, after all, is to create a milieu that enables people, ordinary people, to lead a good life. Development must, therefore, provide all men and women the rights, the opportunities and the capabilities they need to exercise their own choices for a decent life. The significance of this abstraction about or conceptualization of development is not lost on everyone. But it is the tangible or the measurable that remains dominant in terms of wide use and popular understanding. Per capita income is only an arithmetic mean. Social indicators are also statistical averages. And neither captures the well-being of the poor. Even the human development index is not quite an exception. The quantifiable is obviously important. But it should not shape our thinking about development. In fact, it does. Consequently, the focus is misplaced. It needs to be corrected. And the correction has several dimensions. It is essential to make a distinction between means and ends. Economic growth and economic efficiency are means. It is development which is an end. Much of the focus in the literature on development is on economies. But aggregates often conceal more than they reveal. Thus, it is important to shift the focus from countries to people.

## **B. Comparison with other Approaches**

In retrospect, it is clear that the MDGs were shaped by evolving ideas on the meaning of development. Indeed, even if their origin can be traced most directly to the focus on human development, it would seem that MDGs also relate to earlier characterizations of development that emphasized an improvement in the quality of life, a reduction in poverty, inequality and unemployment, a stress on social indicators of development, or a focus on meeting basic human needs. It is, therefore, necessary to consider MDGs in comparison with other approaches which have similar concerns, such as human development, human rights, human security, sustainable development or, in a wider context, development as freedom. These approaches, in contemporary use, are obviously related. And they are more complements than substitutes.

In fact, the early Human Development Reports advocated action plans which specified targets so as to influence resource allocation by national governments and development assistance by international institutions. The idea that there should be global goals also surfaced at several international conferences during the 1990s. The MDGs, which were a part of the Millennium Declaration in September 2000, set out some human development priorities wherever possible in the form of quantified global targets that were time-bound. The goals were selective rather than exhaustive. What is more, the goals sought to attain critical minimum levels so that their focus was on poor countries and poor people in the world.

Given these origins, the MDGs can be situated in the wider context of other, similar even if broader, approaches to development.<sup>21</sup> The MDGs are, perhaps, the narrowest in so far as there is a specified number decided upon by the international community which relates to developing countries with a focus on the poor. In contrast, the human rights and human security approaches are open-ended, relate to all countries and include all people. Similarly, sustainable development is open-ended in definition and coverage, for it includes all countries

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<sup>21</sup> For a detailed discussion, see Fukuda-Parr (2010a). See also, UNDP (2010a).

and all people including generations to come in the future. The human development approach is open-ended in definition and universal in coverage for it includes all countries and all people with some priority for the poor, but it is contextualised in terms of local, rather than global formulation and participation. Clearly, as a concept, human development is the most inclusive, since it incorporates some element of all the approaches with a stress on freedoms that are both constitutive of, and instrumental in, human development.

It would seem that the MDGs are derived from the paradigm of human development which is concerned with the well-being of people. The approach is similar to that of the human development index. But the MDGs are wider in range and shorter on precision. Some targets are quantitative and some targets are qualitative. In spirit, however, both are norms that represent an aspiration and benchmarks that invoke an exhortation. It could be said that the MDGs combine a normative statement on what is desirable and a political statement on what is feasible. The mix of the two attributes provides their *raison d'être*.

### C. Critical Evaluation of MDGs

Any assessment of the MDGs as a framework for thinking about, or monitoring progress in, development must begin with the focus on their conception and their design, which can be followed by an evaluation of their strengths and weaknesses through the lens of experience.

In terms of conception, there are two basic problems. First, the MDGs specify an outcome but do not set out the process which would make it possible to realise the objectives. In other words, the MDGs specify a destination but do not chart the journey. Second, the MDGs are stipulated without any reference to initial conditions, but where a country gets to in any given time horizon depends at least, in part, on where it starts out from. Global goals meant as norms, but often read as targets, also do not recognise that there may be significant differences in national priorities. In sum, the MDGs focus on a comparison between an undesirable state and a desirable state, but do not recognise the importance of the process of change, or the transition path, from one state to the other. This implicit separation of ends and means compounds the problem. But that is not all. There is another fundamental limitation. The MDGs are set out in terms of aggregates or averages which often conceal as much as they reveal because there is no reference to distributional outcomes. The depiction of social indicators of development as arithmetic means or statistical averages provides a single summary measure but it cannot reflect the well-being of the poor, most of who are significantly below any line that is drawn on the basis of an average. Therefore, a meaningful assessment of progress in the living conditions of people must recognise rather than ignore the existence of inequality. The 'tyranny of averages' can be deceptive if not misleading. It is essential to disaggregate outcomes so as to reveal rather than conceal distributional realities.<sup>22</sup>

In terms of design, there are three basic limitations. First, there is a multiplicity of objectives. There are 8 goals, 18 quantifiable targets now increased to 21, and 48 indicators now increased to 60. Second, the objectives are specified in many different ways. Some objectives are set out in proportional terms: reducing the proportion of people who live in poverty or hunger by one-half; reducing child mortality rates by two-thirds; reducing maternal mortality rates by three-fourths; or reducing the proportion of people without access to safe drinking water and basic sanitation facilities by one-half. Other objectives are set out in terms of completion: universal primary education; gender equality in school education; productive

<sup>22</sup> For a more detailed discussion on the importance of inequality in the context of MDGs, see Fukuda-Parr (2010) and Vandemoortele and Delamonica (2010).

employment with decent work for all; or universal access to reproductive health. Yet other objectives are set out as statements of intentions: reduce loss in bio-diversity or improve the lives of slum-dwellers. Third, some indicators, particularly the poverty head count, are inappropriate and could be misleading. The problems associated with these three limitations are almost obvious. Even so, they are worth highlighting.

The multiplicity of objectives means that, apart from duplication and overlap, it is difficult to monitor overall progress. The implicit assumption underlying targets that seek a proportionate reduction is that progress is linear. In fact, it is not. If the object is to reduce the proportion of people living in poverty by one-half, much depends on the initial level whether it is 60 per cent or 20 per cent. Consequently, targets may be set too high for some and too low for others.<sup>23</sup> The problem with targets that seek universal access in terms of completion is that outcomes are characterised as binary, so that it is difficult to differentiate between outcomes where there is little progress and where there is substantial progress. Targets that are set out as statements of intentions mean different things to different people and are exceedingly difficult to monitor. These problems are often compounded by difficulties in measurement which differ across objectives. In some countries and for some indicators, statistics are not good enough. In other countries and for other indicators, statistics are difficult to find. The limitation of inappropriate indicators such as the proportion of the population below a stipulated poverty line is somewhat different. These could be misleading because the measurement might miss the point.<sup>24</sup> The problem is not simply that counting the poor is often associated with serious differences because of methodology and statistics, although that often receives much of the attention. The focus on such poverty reduction might be misleading if it neglects those who are persistently poor or considerably below the poverty line.

The limitations of MDGs as a construct, in conception and in design, provide some basis for an evaluation of the MDGs as a framework. It would mean too much of a digression to attempt a systematic let alone a complete evaluation. Nevertheless, it is important to stress some aspects. First, their weakness is their strength. The MDGs are simple, catchy and acceptable, in part they focus on ends with which no one would disagree. At the same time, this strength is also their weakness, because there is an implicit assumption that one-size-fits-all. The weakness is accentuated because the MDGs are silent on the means. Second, the MDGs have been associated with unintended consequences, mostly in the form of misplaced emphasis on stepping up the rate of economic growth and mobilising external financing for social sectors. This problem is attributable, in part, to the silence on means with a focus on ends. Conventional economic thinking and orthodox economic policies simply occupied that vacant space. Given the dominant ideology of our times, it is no surprise. In the process, the essential values underlying the MDGs, which were drawn from the paradigm of human development, have been lost in translation.<sup>25</sup> Third, it would seem that the MDGs have been misunderstood, misused and misappropriated.<sup>26</sup> There is a misunderstanding because global MDG targets are often used as a scale for assessing the performance of different regions or

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<sup>23</sup> It has been convincingly argued that the MDGs set the bar too high for countries in Sub-Saharan Africa. See, for example, Easterly (2009). See also Vandemoortle and Delamonica (2010), who highlight this problem with the MDGs in a pointed manner: "... (this) begs the question whether Africa is missing the targets or the world is missing the point."

<sup>24</sup> See Gaiha (2003) and Reddy and Heuty (2008). There is substance in such critiques. Yet, it must be recognized that the problem arises in part from the definition of poverty in the head-count measure. For any given poverty line, those below are poor and those above are not. If the definition is binary, so is the target.

<sup>25</sup> See Saith (2006).

<sup>26</sup> For a detailed discussion, see Vandemoortele and Delamonica (2010). See also, Vandemoortele (2010).



specific countries. But the MDGs were meant to be collective targets for the world as a whole which did not have to be reached by every country. In fact, countries were meant to contextualise the MDGs in terms of initial conditions and national priorities. There is a misuse in so far as the MDGs have come to be captured by a donor-centric view of development. This has led to a disproportionate emphasis on the importance of external financing in the pursuit of MDGs. It has also tended to shift the focus of attention away from national governments to the international community. But success or failure in the pursuit of MDGs depends largely upon what happens within countries, where governments are both responsible and accountable for outcomes. There is also a misappropriation of MDGs by the dominant orthodoxy which represents an ideological perspective on development. The MDGs articulate ends. Their silence on means might have been attributable to two reasons which are understandable: the recognition that development is characterised by specificities in time and in space, and the acceptance that there might be genuine differences of opinion on what are appropriate strategies of development so that a political consensus on means would be exceedingly difficult if not impossible. But the silence was transformed into an opportunity by orthodoxy, which had voice and exercised influence to focus on faster growth and more aid.

### III CONTEMPLATING THE FUTURE: WHAT NEXT?

In contemplating the future of MDGs, the first step is to focus on the different possibilities beyond 2015 because there are a number of alternatives. The next step can be an attempt to explore alternative constructs to outline the broad contours of change even if it is difficult to conceive of an altogether new framework.

#### A. Possibilities beyond 2015

Much of the present discussion seeks to focus on a review of progress during the period from 2000 to 2010. Its concern is natural in the quest for what should or can be done between 2010 and 2015 to attain the MDGs. This essay, however, seeks to focus on what is to be done beyond 2015. Several questions arise. First, is there any necessity for a framework such as MDGs when the stipulated period comes to an end? Second, should it be simply more of the same done better or faster? Third, is there need to modify the MDGs, plus or minus? Fourth, is it necessary to move away from generalised MDGs to contextualised MDGs because conditions differ across space and over time? Fifth, is it time to think of something different to replace MDGs as a framework even if a new approach is difficult to construct and a changed paradigm is too ambitious? The discussion that follows considers these questions in turn.

The answer to the first question is clear. Some framework, even if it is a point of reference, is essential beyond 2015. The MDGs have imparted a focus to concerns about poverty and deprivation, which is the fate of a large proportion of people in the world. The MDGs have also galvanised support for the idea that it is imperative to improve the living conditions of such people in a stipulated time horizon. And, even if we have miles to go in our journey to the destination, the aspiration must remain centre-stage.

The answer to the second question is also clear. It cannot simply be more of the same. For one, that would only move the targets farther into the future. This would be an admission of failure. For another, it would negate the possibilities of learning from experience in the pursuit of doing better or moving faster. It might also be possible to do the same things differently or do altogether different things.

The answer to the third question is somewhat more nuanced and complicated. The MDGs can be modified by adding to them or subtracting from them. There might be a strong temptation to opt for a MDG plus scenario.<sup>27</sup> And there are many candidates that range from gender equality, human rights, good governance and climate change, to name just a few. It may also be tempting to introduce a qualitative dimension in the quantitative targets. But it would be wise to hasten slowly in this direction, for two reasons. The first is obvious. More targets and more indicators would detract from the simplicity which was the virtue of the MDGs that made them so attractive. The second is not so obvious. Any addition would have to meet a double litmus test of being a sound indicator for which robust data are available. The MDGs minus scenario is also tempting for there are targets that duplicate or overlap. There is a need to minimise such duplication and overlap. It would also be sensible to reduce the number of indicators where the variable is not appropriate or the quality of data is poor.

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<sup>27</sup> See, for example, Sumner and Tiwari (2009).

Of course, such a rationalisation would mean that the MDGs lose something in coverage. There is an obvious need for prudence in such additions or subtractions. Even so, rethinking about MDGs, plus or minus, should not be stifled or shut out.

The answer to the fourth question is more straightforward. Generalised MDGs and contextualised MDGs should not be presented as an either-or choice. Indeed, posing them as alternatives creates a false dilemma. Generalised MDGs were objectives for the world as a whole. And these global goals were meant to be modified in the context of initial conditions and national priorities. In other words, the MDGs constituted a set of norms and provided a framework for national governments to formulate their objectives with reference to specificities in time and in space. Given these norms, country-oriented MDGs could have reflected differences in priorities and objectives. Therefore, generalised MDGs and contextualised MDGs are complements rather than substitutes. Of course, it is important to strike a balance because global goals should allow space for differences in initial conditions and in national priorities. This space cannot be too much and should not be too little.

## **B. Exploring Alternative Constructs**

It is difficult to provide an answer to the fifth question. The reasons are obvious. It may be desirable to construct a new framework in a changed paradigm that might replace the MDGs after 2015. But this is easier said than done. Even so, it is possible to outline some contours of change which would represent departures from or substantial modifications in the existing framework. There are three imperatives that deserve to be highlighted.

First, it is imperative that there is structural flexibility at the national level. It is essential to recognise differences in initial conditions. It is just as important to allow for differences in national priorities. In doing so, it is necessary to recognise the possibilities of some interdependence among objectives and some trade-offs between objectives. For this purpose, the new framework should state its premises that the MDGs are a norm rather than a floor or a ceiling, that the MDGs are illustrative rather than exhaustive, and that the MDGs are suggestive rather than definitive. It must also be explicitly stated that the MDGs represent objectives for the world as a whole, which are not a scale to measure progress in every country because national goals must be formulated using global norms as a point of reference.

Second, it is imperative that there is a cognition of inequality in any assessment of outcomes. It may be necessary to consider progress towards the stipulated objectives in terms of aggregates, or statistical averages, at the national level. But it cannot be sufficient. It is also necessary to monitor progress at a disaggregated level or compute statistical averages by introducing some weights that reflect the distribution among people. This is essential because inequalities exist and distributional outcomes matter. There are two ways in which this can be done. The simplest method would be to focus on the poorest 25 per cent or the bottom 40 per cent of the population in respect of each of the objectives. This is easier said than done because statistics on the distribution of income or consumption are often inadequate or sometimes unreliable. But it is not impossible because information, even if imperfect or incomplete, does exist. There is an alternative method that has been suggested.<sup>28</sup> Demographic and Health Surveys that are available for a large number of countries could be used to group households by wealth, rather than income or consumption, in terms of quintiles. Instead of equal-unadjusted weights, unequal equity-adjusted weights could be assigned to

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<sup>28</sup> See Vandemoortele and Delamonica (2010).

different quintiles, yielding equity-adjusted national statistics for a specified objective. This approach does have methodological and statistical limitations but it might be a useful complement to evidence available on income or consumption of the poor. It is absolutely clear, however, that the focus of any such exercise to monitor progress must be on the poorest 25 per cent or bottom 40 per cent of the population.

Third, it is imperative that the new framework for the MDGs incorporates something on means rather than simply focus on ends. In other words, something needs to be said not only about outcomes but also about process. The absence of anything on means or process carries two dangers. For some, it leads to the wrong inference that one-size-fits-all. For others, it provides vacant space in which prescriptive policies can be imposed. Obviously, it is neither feasible nor desirable to specify policies or strategies in the pursuit of MDGs because development is characterised by specificities in time and in space. There can be no generalised prescriptions or universal blueprints that would deliver the well-being of humankind. In fact, policies and strategies must evolve at a national level as times and circumstances change. But the framework for the MDGs could enunciate some, at least a few, general propositions that might pre-empt misunderstanding or misappropriation. Some examples of such propositions, which are suggestive but cannot be definitive or exhaustive, would suffice. Economic growth is necessary but cannot be sufficient to bring about development. It is necessary to create institutional mechanisms that would transform economic growth into meaningful development by improving the living conditions of people. Public action is an integral part of this process. Employment creation provides the only sustainable means of poverty reduction. Policies should not be prescribed once-and-for-all because there are specificities in time and space. External finance is a complement to, but cannot be a substitute for domestic resources. The role of the State remains critical in the process of development.

#### IV THE NATIONAL CONTEXT

The recognition of poverty and deprivation with an emphasis on human development in the MDGs served a valuable purpose. But it was not enough because nothing was said about strategies to meet this challenge of development. There was another basic shortcoming. People are not just beneficiaries of development. It is only if people are centre-stage in the process of development as the main actors that development can empower people to participate in decisions that shaped their lives. The significance of this proposition is highlighted by the medieval distinction between agents and patients, which is invoked by Amartya Sen. He argues that the freedom-centred understanding of the process of development is very much an agent-oriented view. This is because individuals with adequate social opportunities can effectively shape their own destiny and help each other. They must not be seen primarily as patients, or passive recipients, of the benefits of cunning development programmes.<sup>29</sup>

In the national context, the near obsession with economic growth and economic efficiency as objectives is misplaced and must change. These are simply means. It is the well-being of people that is an end. Therefore, it is imperative that the end is not lost sight of in the concern for means. And there are two forgotten essentials that should form an integral part of any attempt to attain objectives set out in the MDGs.<sup>30</sup> First, it must be recognised that economic growth is necessary but not sufficient to bring about a reduction in poverty. It cannot suffice to say that the outcomes of economic policies should be moderated by social policies. The dichotomy between economic and social policies is inadequate just as the dichotomy between economic and social development is inappropriate. It is important to create institutional mechanisms that mediate between economic growth and social development. Second, it must be recognised that the well-being of humankind is the essence of development. It follows that distributional outcomes are important so that the problem of increasing inequality needs to be addressed rather than accepted as a fact of life. Similarly, employment and livelihoods are also important. After all, employment creation is the most important means of reducing poverty. And it is, perhaps, the only sustainable solution in the long term. Moreover, employment is also essential for the well-being and dignity of people. In the national context, therefore, it is necessary to reformulate policies, redesign strategies and rethink development.

In reformulating policies, there is a strong need to reflect on macroeconomic objectives and macroeconomic policies. Such a reformulation must begin by redefining policy objectives. In the short-term, or in crisis situations, the prime concern should not be the stability of prices alone. The stability of output and employment is just as important. In the medium-term, or in normal times, the essential objective of macroeconomic policies cannot simply be the management of inflation and the elimination of macroeconomic imbalances. It should be just as much, if not more, about fostering employment creation and supporting economic growth. The reformulation must also extend to reconsidering policy instruments. Fiscal policy cannot be reduced to a means of reducing government deficits or restoring macroeconomic balances. It is a powerful instrument in the quest for full employment and economic growth. Monetary policy cannot be reduced to a means of controlling inflation through interest rates. It is a versatile instrument where both the price and volume of credit

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<sup>29</sup> For a lucid analysis, see Sen (1999).

<sup>30</sup> For a more detailed discussion, see Nayyar (2007).

can be most effective in the pursuit of development objectives. In sum, it is essential to return to a developmental approach to macroeconomic policies, which is based on an integration of short-term counter-cyclical fiscal and monetary policies with long-term development objectives. Economic growth with full employment should be the fundamental objective of macroeconomic policies, which must be an integral part of the mandate for central banks and finance ministries. In the longer term, poverty reduction is possible only with such an approach. In the interim, for people who remain unemployed, there is need for employment programmes and social protection, both of which require sensible macroeconomics. Even when people are employed, often with low incomes, their private consumption needs to be supplemented by social consumption. For this purpose, governments need to allocate resources for expenditure in social sectors, to create supply through higher investments and demand through lower user-charges, both of which require macroeconomic policy space.

In redesigning strategies, it is necessary to introduce correctives and interventions that prevent or minimise the exclusion of people from development.<sup>31</sup> The object of correctives should be to foster inclusion. The inclusion of poor people requires the spread of education and an increase in social consumption. It also requires a substantial investment in infrastructure, particularly in rural areas. The object of interventions should be to curb exclusion. The extent of exclusion can be limited by providing public goods and services to regions or groups that are vulnerable, marginalised or excluded. For the people who remain excluded despite such interventions, it is essential to widen and strengthen safety nets such as anti-poverty programmes. The role of government is vital in every sphere. It is not sufficient to speak about inclusive growth as governments often do. It is necessary to ensure that the process of growth is pro-poor. Employment creation is the obvious foundation of pro-poor growth. At the same time, resources that become available to governments through growth should be used, in part, to provide public services for the poor in terms of both access and delivery. The MDGs would be easier to reach if governments decide that, in some critical spheres, access for all be provided within stipulated time horizons. The choice would, of course, differ across countries. But some obvious possibilities for such national development priorities are: the provision of safe drinking water, the creation of sanitation facilities, the immunisation of children, and the completion of primary education.

In rethinking development, it is important to recognise the significance of institutions, the relevance of the balance between domestic and external factors and the critical importance of public action. It must be stressed that the developmental role of the state is critical across the entire spectrum of what needs to be done. For this purpose, it is imperative to restore the moral authority of the state which was eroded by the virtual ideology of market fundamentalism associated with globalization in a prescriptive mode. The reason is simple enough. If governments do badly, it is not possible to dispense with them or replace them with markets. Governments must be made to perform better.

The debate on development is, in large part, about policies. The time has come to move beyond policies to institutions. Orthodox economics has sought to harmonize the role as also the form of institutions across the world irrespective space and time. This is a serious mistake since one size does not fit all. There are specificities in space. Institutions are local and cannot be transplanted out of context. There are specificities in time. Institutions need time to evolve and cannot be created by a magic wand. It is important to remember that institutions emerge through complex processes over a long period of time. And it would be a mistake to

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<sup>31</sup> These correctives and interventions are discussed, at greater length, in Nayyar (2003).

regard institutions as a pre-requisite of development. Indeed, the institutions that exist in the industrialised countries are the outcomes, rather than the causes of economic development.<sup>32</sup> Yet, the role of the State is crucial in almost every dimension of institutions. In an economy, the State seeks to govern the market through rules or laws. It does so by stating rules of the game for players in the market. In particular, it creates frameworks for regulating markets. But it also creates institutions, whether organisations or entities, to monitor the functioning of markets. The development of such institutions, which cannot always develop on their own, may need some pro-active role for the State, as catalyst if not leader. Even so, diversity rather than uniformity is the norm in the evolution of institutions.

It is essential to rethink the relative importance of the external and the internal in the process of development, in terms of market and in terms of resources. It is necessary to recognise that the domestic market is critical in the process of development and that external markets are at best complements but cannot be substitutes for the domestic market even in smaller countries. Of course, the validity of this argument depends in part on the size of a country. Even so, domestic markets are, at one level, constitutive of development because it means that ordinary people have purchasing power and are, at another level, instrumental in the process of development because they can drive processes of growth. Similarly, it is desirable to rely more on domestic resources for investment and think of external resources as complements rather than substitutes.

The time has come to recognise that there is a complex relationship between the State and the market.<sup>33</sup> The world moved from a widespread belief prevalent in the 1950s that the State could do nothing wrong to a strong conviction, fashionable in the 1990s, that the State could do nothing right. These are caricatures of perceptions. The answer lies somewhere in between. Both market failure and government failure are facts of life. For neither markets nor governments are, or can ever be, perfect. Indeed, markets are invariably imperfect and governments are without exception fallible. But these failures are seldom absolute. A reasonable degree of correction is possible in either case, particularly where the co-existence of the two institutions provides mutual checks and balances. The State and the market are complements rather than substitutes. What is more, the relationship between the state and the market cannot be defined once-and-for-all. In fact, the State and the market must adapt to each other as time and circumstances change. Development experience during the second half of the twentieth century suggests that successes have come in countries that have found this right blend of State and market. It is time to give up the belief in the magic of the market to consider a more pro-active role for the State. If development is to be people-friendly, it does mean that the State has to play a critical role in terms of providing investment in infrastructure, which is not forthcoming from the private sector, whether domestic or foreign players. The state has also to focus on expenditure on social sectors because if development is about improving living conditions of people, allocating resources to support social consumption is both constitutive of, and instrumental in, development. But this cannot suffice. The State should also attempt to ensure that economic growth creates employment and livelihoods for people. Most important, perhaps, it is vital to redress the balance in the respective role of the market and the State for the pendulum had swung to one end, because the exclusion of large proportions of the population from well-being cannot even sustain growth let alone lead to development. And there is a developmental role for the state. So much of what needs to be done can only be done by the state. The reason is simple. Governments are accountable to people. Markets are not.

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<sup>32</sup> See Chang (2007).

<sup>33</sup> For a more detailed discussion, see Nayyar (1997). See also, Bhaduri and Nayyar (1996).

## V THE INTERNATIONAL CONTEXT

The international aspects of the MDGs are set out in Goal 8 which seeks to develop a global partnership for development. This aspiration has multiple dimensions which range from addressing the special needs of the Least Developed Countries (LDCs), through providing a comprehensive solution to the debt problem of the developing world, to creating a multilateral trading system and international financial system that are conducive to development. There are several reviews that attempt to monitor the uneven and inadequate progress in this sphere.<sup>34</sup> The objectives enunciated in the MDGs are long on words. But it would seem that outcomes have been short on substance.

It would be no exaggeration to state that the pursuit of multilateral development cooperation has been characterised by a selective focus, if not a misplaced emphasis, on concessional development assistance. This is attributable, in large part, to a donor-centric world view, with a focus on aid, that dominates the discourse. This is also attributable, in part, to a concern that the volume, effectiveness and architecture of aid leave much to be desired. It is clear that the international community needs to do better at this unfinished business for its completion is not even on the distant horizon. But it must be recognised that far more needs to be done. Even if the targets for development assistance set out in the MDGs are met, and that is most unlikely, it is not obvious how this would ensure development outcomes. Evidence and experience suggest that aid is a mixed blessing. Some go further and argue that aid often turns out to be the equivalent of a natural resource curse. That may be a contested proposition. But there can be little doubt that the availability of aid tends to ease the pressure on governments to implement change or reform that is necessary for development. And it is more than plausible to argue that aid often becomes a soft option for governments so that domestic resource mobilisation does not receive the attention it deserves as a means of financing the MDGs. In fact, for developing countries, remittances from migrants are a much larger and more stable source of external financing than aid inflows.<sup>35</sup> Thus, it might be worth thinking about policies and mechanisms that could more effectively use remittances for development. In any case it is clear that, for developing countries, access to markets in the form of trade and access to knowledge in the form of technology is far more important in their quest for development than foreign aid could ever be.

Reviews of progress on the MDGs in LDCs suggest that it will not be enough to reach global targets. This is surprising, at least on surface, because economic growth in LDCs during the 2000s, until the financial crisis, was rapid and quite unprecedented as it exceeded most projections, thanks to the boom in prices of primary commodities, the abundance of cheap capital (even if some of it was footloose money), and the great bubble in the world economy. There could be three plausible explanations: the targets were set too high, the growth was not enough, or the growth was not inclusive.

Obviously, the task has been made more difficult by the financial crisis and the Great Recession in the world economy. Even without these setbacks, however, the MDGs would not have been attainable in the LDCs partly because the targets were too ambitious and partly because national strategies were neither adequate nor appropriate. The irony is that the LDCs were not quite allowed, let alone enabled, to move beyond what was set out in Poverty

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<sup>34</sup> See United Nations (2008) and United Nations (2010a). See also, UNDP (2010).

<sup>35</sup> See Nayyar (2008a).



Reduction Strategy Papers (PRSPs). The strategy in PRSPs was to focus on economic growth assuming that it will trickle down and on investment in social sectors assuming that the services so produced would reach the poor.<sup>36</sup> This approach, advocated by orthodoxy, which was nothing new, almost assumed away the problem. But there was little, if any, thinking on how economic growth or social sectors could be made more inclusive or, even better, pro-poor. In fact, the emphasis on social development meant that governments in LDCs relied on external resources to finance expenditure on social sectors but did not mobilise domestic resources to finance investment in infrastructure, agriculture or productive activities. There is need to transform such thinking. Macroeconomic policies need to be integrated with long-term development objectives rather than be shaped by the objective of price stability in the short-term. Domestic resources need to be mobilised to step up investment in infrastructure and in agriculture that enhances production capacities. The approach to poverty reduction needs to be re-oriented away from compartmentalisation in social sectors into an integration with development strategies that seek to combine economic growth with employment creation and participatory development.

It is clear that, during the first quarter of the twenty-first century, development outcomes would be shaped, at least in part, by the international context. It is also clear that unfair rules of the game in the contemporary world economy would encroach upon policy space so essential for development.<sup>37</sup> Many of these rules are a part of the WTO regime while several are implicit in IMF-World Bank conditionalities. And the problem is compounded by integration into international financial markets. This situation needs to be corrected. The correctives should endeavour to make existing rules less unfair, introduce new rules where necessary and recognise that even fair rules may not suffice.<sup>38</sup> In reshaping unfair rules, the nature of the solution depends upon the nature of the problem. Where there are different rules in different spheres, it is necessary to make the rules symmetrical across spheres. Where there are rules for some but not for others, it is necessary to ensure that rules are uniformly applicable to all. Where the agenda for new rules is partisan, it is imperative to redress the balance in the agenda. But that is not all. There are some spheres where there are no rules such as environmental sustainability, international financial markets, or cross-border movements of people. Climate change is on the agenda even if there is little progress. The time has come to introduce some rules that govern international financial markets. Similarly, it is worth contemplating a multilateral framework for consular practices and immigration laws that would govern the movement of people across borders.<sup>39</sup> Rules that are fair are necessary but not sufficient. For a game is not simply about rules, it is also about players. If one of the teams or one of the players does not have adequate training or preparation, it will simply be crushed by the other. For countries at vastly different levels of development, there should be more flexibility, instead of complete rigidity in the application of uniform rules. Indeed, uniform rules for unequal partners can only produce unequal outcomes. And there is a need for positive discrimination if not affirmative action in favour of poor countries, particularly but not only for the LDCs that are latecomers to development.

The possibilities of cooperation among developing countries provide a new window of opportunity at this juncture in time. So far, this has been in the world of rhetoric rather than

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<sup>36</sup> For a more detailed discussion, see Fukuda-Parr (2010).

<sup>37</sup> This proposition is developed, at some length, in Nayyar (2007).

<sup>38</sup> The discussion that follows in this paragraph, on rules of the game in the world economy, draws upon earlier work of the author (Nayyar, 2002 and 2003).

<sup>39</sup> For a discussion on the rationale for such a multilateral framework to govern cross-border movements of people, see Nayyar (2002a).

reality, words rather than substance. But this subset is an integral part of the logic of international collective action. What is more, the world has changed. In 2005, developing countries accounted for 81 per cent of the world population and 22 per cent of world income (almost 45 per cent of world GDP) in PPP terms. But that is not all. In the same year, 2005, developing countries accounted for 34 per cent of world exports, 33 per cent of world manufactured exports, 25 per cent of world manufacturing value-added and 30 per cent of the stock of inward foreign direct investment in the world economy.<sup>40</sup> It needs to be said that much of the significance is concentrated in 12 developing countries which account for 60 per cent of the population and 68 per cent of the income in the developing world.<sup>41</sup> Even so, this changed situation opens up possibilities. In the international context where the distribution of economic and political power is so unequal, the increased economic significance and political influence of developing countries provides an opportunity to reshape rules and institutions even in the world of unequal partners. At the same time, the large emerging economies – say, Brazil, China, India and South Africa – taken together may be able to exercise significant influence through multilateralism, whether institutions or rules, in the global context.<sup>42</sup> The United Nations, the World Bank, the International Monetary Fund and the World Trade Organization are among the most important multilateral institutions in which the large emerging economies could exercise influence on behalf of the developing world.

Even if developing countries cannot change the world by articulating their voice or by using their bargaining power as a group, or subset of a group, there are possibilities of cooperation among developing countries for themselves in many spheres. The institutional mechanisms might be inter-regional or intra-regional arrangements that pool markets and resources for development. The institutional mechanisms could also be bilateral or plurilateral forms of assistance where some developing countries, learning from their experience, can help other countries that have to traverse a similar path. In fact, cooperation among developing countries may be particularly important in the pursuit of the MDGs, because it is about learning from each other in spheres where countries in the industrialized world simply do not have the experience.

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<sup>40</sup> This evidence on the significance of developing countries in the world economy is from Nayyar (2009).

<sup>41</sup> For more detailed evidence on this concentration, see Nayyar (2009).

<sup>42</sup> The implications and consequences of the emerging significance of Brazil, China, India and South Africa in the wider context of the world economy are analysed, at some length, in a recent paper by the author. For a detailed discussion, see Nayyar (2010).

## VI CONCLUSIONS

The MDGs began life a decade ago. There were three dimensions to the significance of the MDGs. It was an explicit recognition of the reality that a large proportion of people in the world were deprived and poor. It was a statement of good intentions that sought a time-bound reduction in poverty to improve the living conditions of those deprived and excluded. It was an attempt to place this persistent problem, until then a largely national concern, on the development agenda for international cooperation. In retrospect, it is clear that the MDGs, much like the human development index, caught the popular imagination. The reasons are almost obvious. There is a simplicity that is engaging. There are targets that are quantitative. There are objectives that are easy to comprehend. There are good intentions with which no one could possibly disagree. It could be said that the MDGs combined a normative statement on what is desirable and a political statement on what is feasible. But, as it turned out, the MDGs did not quite serve their larger strategic purpose of changing the discourse on development.

The limitations of MDGs as a construct, in conception and in design, provide some basis for an evaluation of the MDGs as a framework. In terms of conception, there are some basic problems. The MDGs specify an outcome but do not set out the process which would make it possible to realise the objectives. The MDGs are stipulated without any reference to initial conditions, but where a country gets to in any given time horizon depends at least, in part, on where it starts out from. The MDGs are set out in terms of aggregates or averages which often conceal as much as they reveal because there is no reference to distributional outcomes. In terms of design, there are some serious limitations. There is a multiplicity of objectives, both quantitative and qualitative, that span a wide range. The objectives are specified in many different ways: in proportions, to completion or just intentions. Some indicators are inappropriate and could be misleading. An evaluation of MDGs as a framework for monitoring progress in development highlights shortcomings. There is an implicit, albeit incorrect, presumption that one-size-fits-all. There are unintended consequences, mostly in the form of misplaced emphasis on stepping up the rate of economic growth and mobilising external financing for social sectors. What is more, it would seem that the MDGs have been misunderstood, misused and misappropriated. These problems are attributable, in large part, to the silence on means, with a focus on ends, which in turn might have been attributable to two reasons that are understandable: the recognition that development is characterised by specificities in time and in space, and the acceptance that there might be genuine differences of opinion on what are appropriate strategies of development so that a political consensus on means would be exceedingly difficult if not impossible. But the silence was transformed into an opportunity by orthodoxy which simply occupied that vacant space. It had the voice and the influence to focus on faster growth, more aid and better governance. In the process, the essential values underlying the MDGs have been lost in translation.
















In contemplating the future of MDGs beyond 2015, this paper suggests some important conclusions. Such a framework is necessary even if it is point of reference. But it cannot simply be more of the same. The MDGs should be modified but there is need for prudence in additions or subtractions, while ensuring that such rethinking is not stifled. Generalised MDGs and contextualised MDGs are complements rather than substitutes, so that global goals should allow space for differences in initial conditions and in national priorities. Indeed, the time has come to reflect on contours of change which would represent departures from or

substantial modifications in the existing framework. There are three imperatives that deserve to be highlighted. First, there should be structural flexibility at the national level. It must be made explicit that MDGs represent objectives for the world as a whole, which are not a scale to measure progress in every country because national goals must be formulated using global norms as a point of reference. Second, there should be a cognition of inequality in any assessment of outcomes. This is essential because inequalities exist and distributional outcomes matter. Hence the focus of any such exercise to monitor progress must be on the poorest 25 per cent or bottom 40 per cent of the population. Third, the new framework for the MDGs must incorporate some priors on means rather than simply focus on ends. The message is not only about outcomes but also about process.

The recognition of poverty and deprivation with an emphasis on human development in the MDGs served a valuable purpose. But it was not enough because nothing was said about strategies to meet this challenge of development. The well being of humankind is the essence of development, so that employment and livelihoods are essential, while distributional outcomes are just as important. In the national context, therefore, it is necessary to reformulate policies, redesign strategies and rethink development. In reformulating policies, there is a strong need to reflect on macroeconomic objectives and macroeconomic policies. In redesigning strategies, it is necessary to introduce correctives and interventions that prevent or minimise the exclusion of people from development. The object of correctives should be to foster inclusion. In rethinking development, it is important to recognise the significance of institutions, the relevance of the balance between domestic and external factors and the critical importance of public action. It must be stressed that the developmental role of the state is critical across the entire spectrum of what needs to be done.

In the international context, the focus of MDGs is much too narrow. The misplaced emphasis on concessional development assistance, attributable to a donor-centric world view, dominates the discourse. Clearly, the international community needs to do better at this unfinished business but far more needs to be done. Moreover, aid is a mixed blessing. There are other sources of external financing such as remittances from migrants that need to be explored. In any case, for developing countries, access to markets in trade and access to technology for development are far more important than foreign aid could ever be. Similarly, there is need to transform thinking on LDCs which seems to stress economic growth assuming that it will trickle down and investment in social sectors assuming that it would reach the poor. The approach to poverty reduction needs to be re-oriented away from compartmentalisation in social sectors into an integration with development strategies that seek to combine economic growth with employment creation and participatory development. Most important, perhaps, it must be recognised that unfair rules of the game in the contemporary world economy encroach upon policy space so essential for development. This situation needs to be corrected. Even rules that are fair are necessary but not sufficient. And there is a need for positive discrimination if not affirmative action in favour of poor countries, particularly the LDCs that are latecomers to development. The possibilities of cooperation among developing countries at this juncture provides a new window of opportunity, through better bargaining and collective action, for reshaping some existing rules or creating new rules that are at least less unequal if not fair.

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