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Rethinking poverty eradication efforts post-2015

Issues Note for Discussion

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MDGs and the consensus international strategy

Since the adoption of the Millennium Declaration and the launch of the Millennium Development Goals (MDGs) in 2001, the over-arching objective of international development has come to be defined as ending poverty. The MDGs have come to frame international development debates. They have led to priority emphasis on social investments and on development aid in international policy debates.

It is important to remember that that MDGs derive from the Millennium Declaration and are *normative policy tools*, set by a political consensus on what the world *should* look like. The Millennium Declaration is a value based political consensus in which world leaders made commitments to end global poverty in this century, together with promoting peace, democracy and human rights as the principal priorities of the international community. The commitments made in the Declaration are important affirmations of central universal values: equality, solidarity, freedom and human dignity. These ethical commitments are an important part of rethinking international development priorities.

While not the intention, the MDGs have framed development agendas and have been interpreted as a strategy. The MDGs were not based on a balanced, technocratic assessment of policy priorities and effective policies. But they have effectively shaped debates about important

strategies. They have created an international development discourse that is narrow, overly focused on social investments, safety nets and development aid. While these are indeed priorities, development is a broader challenge and current challenges require greater attention on many issues that go beyond this agenda. Some key issues that are not accommodated in the MDG led framework include important challenges that constrain development efforts and require international cooperation to address including:

- the challenges of climate change,
- global market crises in finance, food and fuel,
- growing inequality within countries, and
- widening gaps between the richest and poorest countries,
- democratic deficits in global governance structures.

Post 2015 efforts need to be rethought on a more thorough consideration of the key development challenges and strategic alternatives. This will require departing from the current MDG formulation, without losing some of the strengths of MDGs as a normative instrument that can strengthen solidarity and mobilize action and accountability for ending poverty.

This short note highlights some key issues to be considered in the rethinking process.

A. Issues with the composition of the MDGs and the implied policy agenda

1. Lack of attention to inequality within countries

A defining trend over the last decade has been the increase in inequality within countries across the regions of the world in both poor and rich countries. The vision of the MDGs is to reduce absolute poverty and does not address inequality except for gender inequality. Of the 60 indicators, only 3 reflect disparity. Many of the targets that were agreed in the UN development conferences of the 1990s that addressed inequality, marginalization and the most vulnerable were not incorporated in the MDGs. Reducing inequality should be added as a goal in and of itself. This is an easy to monitor goal for which indicators and data are readily available for a large number of countries, such as income distribution (shares of GDP by income quintiles; gini coefficient); rural-urban disparities in access to social infrastructure, etc). (See Fukuda-Parr, 2010 “The Missing MDG: Reducing Inequality”, *IDS Bulletin*, Falmer: Institute of Development Studies, University of Sussex (earlier version 2008. ‘Are MDGs Priority in Development Strategies and Aid Programmes? Only Few are’, *International Poverty Center Working Paper* no. 28, June 2008 <http://www.undp-povertycentre.org/pub/IPCWorkingPaper48.pdf>))

2. Lack of attention to democratic governance within countries

Much has been learned about the process of poverty eradication within countries over the last 50 years and a very rich literature of development economics and multi-disciplinary development studies has been created. This knowledge base points to diverse factors that

explain the persistence of poverty that go beyond economic investments and emphasize that poor people remain poor because they are powerless, and that the multiple dimensions of poverty – lack of education, poor health, lack of resources and capital, lack of access to public infrastructure – all reinforce one another. Poverty reduction strategies require not only economic and social policies but also political empowerment.

3. Lack of attention to systemic issues of global governance and greater voice of the developing countries and to inequalities between countries

While developing countries have become increasingly assertive in global fora such as the WTO and the IFIs, there has been no systemic reforms in global institutions with the exception of the emergence of the G-20. Recommendations of the Stiglitz commission on the global financial and economic architecture presented to the GA in June 2009 should be pursued.

4. Aid dependence and more radical reforms

MDGs are highly aid driven and used by rich countries to justify aid. Aid is part of the MDG discourse. Many of the absolute poor live in South Asia and in some parts of Latin America. But many live in very poor countries of Sub-Saharan Africa and other Least Developed countries which are highly aid dependent. Almost the entire capital investment budget of these countries are financed by external aid. This unavoidably weakens states and democratic accountability of states to their people. Much of the efforts to improve ‘aid effectiveness’ in the last decade has focused on strengthening reporting to the donor rather to the people of the recipient country. The vision of the Millennium Declaration is to end poverty together with promoting security, democracy and human rights. New forms of aid that can be more consistent with developing a democratically accountable state is needed. Efforts to increase the proportion of budget aid would help.

5. New sources of financing development

Bilateral and multilateral development aid is unlikely to be adequate to meet the resource requirements of ending poverty especially in Africa. Several proposals have been made to develop new sources of financing development - such as taxes on international transactions.

6. New approaches to financing research and development for critical technological needs for poverty reduction.

Almost all of the most enduring problems of poverty requires technological solutions – from higher performing varieties of crops and farming methods to medicines for tropical diseases. The patent based model of financing research and development in new technologies is not appropriate to meeting these needs as the HIV retrovirals have demonstrated. New policy approaches, such as prizes, need to be pursued.

7. Pro-poor growth strategies and development discourse – beyond conditional cash transfers and social protection measures.

MDGs led discourse has neglected growth and development strategies. While the 1990s was a period of active debates about economic strategies, with controversies over diverse macroeconomic strategies such as trade liberalization, capital account liberalization, investment policies among others, there has been less debate about macroeconomic strategies since 2000, in the era of MDG-led development discourse. The MDG discourse has emphasized social investments and social protection. These are important for education, health, water and sanitation. Employment and incomes however depend less on direct government investments than on growth and growth that is pro-poor, where the benefits of growth accrue to the poorer populations. As already mentioned, increasing inequality has been part of the consistent themes of the recent decades with the exception of some countries of Latin America. Analysis of these countries shows interesting policy approaches that combines macroeconomic policies that aim at stability, labour market policies that improve incomes of the poor, as well as social protection measures such as the conditional cash transfer programs of Mexico and Brazil.

8. Lack of attention to macroeconomic policies

Policy intervention for MDG achievement has emphasized social policies and development aid. But ending poverty requires appropriate macro-economic policies that are not only conducive to maintaining a stable macro-economic environment but that promote incomes and well being of the poor. The recent world financial and economic crisis has also shown the importance for countries to be prepared for such global crises by adopting appropriate policies.

B: Issues regarding global goals as policy instruments

1. Erroneous Interpretation as development strategy and planning goals

The MDGs are not technocratically defined planning targets and cannot be justified as an effective development strategy. It is not surprising that criticisms of the MDGs abound from all perspectives. Technocratic economists like Clemens and Easterly argue that they are poorly formulated as development planning targets, and are moreover unrealistic and could ultimately discourage rather than encourage support for development. Heterodox economists of the left like Charles Gore and Ashwani Saith argue that they are misdirected and ignore the key issues of systemic reforms in the global economy and challenges of development and transformation (rather than poverty reduction). Feminists like Peggy Antrobus dismiss them as a “major distracting gimmick”; they are blind to the political dimensions of poverty while NGOs in the global South decry them as the “Minimum Development Goals” that are inadequately ambitious for holding their governments to account because many of the goals have already been achieved in their countries. The human rights community – including the UN Office of the High Commissioner for Human Rights (OHCHR) - have consistently criticized the MDGs as not adequately aligned with

human rights standards and principles, especially equality, participation, non-discrimination, transparency, and its implementation overly technocratic, assuming resources and technology to be the answer to poverty when more recent poverty analyses conclude that political power and institutions are at the source of persistent abject poverty. UN agencies, have been critical of the MDGs because they leave out too many pressing priorities and do not reflect the full breadth of the agendas being pursued which were agreed at global conferences in their specific areas – such as health, education, decent work.

2. Erroneous monitoring measure – achieving the targets or making progress?

In line with the interpretation as planning goals, the UN official MDG monitor and almost other monitoring reports assess progress by the criteria of whether the goals are likely to be achieved. If MDGs are to be interpreted as normative commitments to end global poverty, and used as benchmarks for monitoring progress, the critical question is whether national governments and the international community are doing more and being more effective. The appropriate measure is the rate of progress made, not the level of achievement. Focus on the level of achievement leads to perverse results where countries that started at high levels of poverty and making rapid progress are labeled off track and failures and countries that started at low levels of poverty and making very slow progress are labeled successes. See Fukuda-Parr and Greenstein 2010 – one pager <http://www.ipc-undp.org/pub/IPCOnePager109.pdf>; working paper - <http://www.ipc-undp.org/pub/IPCWorkingPaper63.pdf>; and Hailu and Tsukuda 2011).

Performance of countries in Sub-Saharan Africa should in particular be monitored according to the progress method rather than the level of achievement method to identify those which are living up to the commitments and those that are not.

3. Adaptation to national contexts

Interpreting MDGs as planning goals and assessing performance by whether the targets would be achieved is particularly erroneous when applied at the country level. Not only do they have very different starting points, countries of the world face hugely diverse constraints and capacities, in financial, institutional and human dimensions. MDGs need to be recast at the national level to set ambitious but realistic targets.

C. Post 2015 agenda

1. Development as a global priority.

Notwithstanding the limitations of MDGs, they have demonstrated their value in drawing attention to development as a global priority. In fact, this may be particularly important in the context of shifting global economic and political environment that is less and less interested in development. ‘Development’ is a construct that emerged as a post War project of international cooperation necessary for the decolonization process. Realignment in the 21st century, with the

the rise of the 'emerging economies' has complicated commitments to 'development' as an international project. Recent international economic negotiations such as the weak support to the LDCs in Istanbul, the failures to make progress with the Doha Round, lack of support to developing country demands in the climate change negotiations and many other instances would arguably be reflection of the declining concern with 'development'. Moreover, the consensus on the MDGs reinforces a shift away from commitment to 'development', to be replaced by 'poverty'. Ending poverty is not the same as 'development'.

2. Setting goals

The MDGs have demonstrated the value of setting global goals as an instrument. They have been effective in mobilizing support for development (such as among the public at large, private sector, foundations, etc), fostering cooperation (such as in data collection), and in influencing the terms of global policy debates. Goal setting also creates a stronger accountability mechanism for the international community in complying with the commitments made to support development and to end poverty.

3. Priority issues

The MDGs have emphasized social sectors as priority for national development and aid as a priority for international action. In view of the considerations above, the new MDG agenda needs to draw attention to a broader set of objectives that go beyond meeting basic needs of the poor. They should include:

- Meeting basic needs including in areas of health, education, water and sanitation, nutrition, housing;
- Reducing inequality within countries;
- Strengthening democratic governance;
- Partnership through aid, new forms of financing development, trade, debt relief;
- Access and innovation in technology;
- Addressing climate change;
- Partnership i
- New financial regulations and arrangements to reduce vulnerability to global financial crises;
- Reforming structures of global economic governance to build in arrangements that ensure greater voice and accountab

4. Three pathways to post 2015 global goals: MDG1.1; MDGs-Plus; Post-MDGs

As Malcolm Langford described it at a recent conference in New York, there are three basic pathways to defining a post-2015 global goals:

- MDGs 1.1 – staying the course to extend the deadline to 2015;

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- MDGs 2.0 – Adjust the goals, targets and indicators and improve the process to strengthen accountability;
- Post MDGs – set new global goals with a new process, and reflect a broader set of goals that reflect a stronger compact among countries at different levels of development.

Global goals that reflect priorities under point 3 and take on board the problems manifest in the current MDGs would require Post MDGs. Such a set of goals would include a broader range of issues and be less exclusively focused on the social sectors. The total number of goals, targets and indicators would not need to be expanded as the current set of goals duplicates major areas such as in health. The indicators would need to be adjusted to reflect inequality not just average improvements.