Taking the Millennium Development Goals beyond 2015

Plenary // International cooperation

Moderator

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Speakers

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Executive summary

This plenary session brought together people with diverse profiles: a representative from the Ministry of Foreign Affairs, a professor from Sciences-Po, a UNDP representative, and the president of an equity investment firm. The speakers shared their views on what should be done to improve and sustain the Millennium Development Goals (MDGs) beyond 2015.

Among the leads stand out in particular:

- the need for an actual appropriation of development strategies by local people and for a genuine consensus on these strategies at all levels;
- the need to resume the reflection on MDGs and stress the importance of economic growth, infrastructure development, urban life improvement, and family farming recovery as means to fight poverty.

Synthesis

For **Georges Serre**, in 2000, when the MDGs were initiated, we realized that development is everyone's business, including developed countries. Since 2008, this assessment has gained momentum over the food crisis, the financial and economic crises, and the emergence of new players such as big foundations (e.g the Gates Foundation). Similarly, the G8 evolved into the G20, which implies much more inclusive governance. Objective number 8 makes complete sense in this new context. However, apart from the goal dedicated to health, which has been achieved partly thanks to the Gates Foundation, the MDGs record is mixed.

For **Cécile Molinier**, the key to success is not technical; it requires political will and a paradigm shift. The September 2010 summit was deliberately action-oriented and brought together many heads of State who discussed concrete successes and failures of the MDGs, factors of success and deadlock points, and the potential for replication of good practices. For the first time, the United Nations General Assembly declared that human rights were essential to achieving the MDGs and that women were development actors. Finally, the summit led to a five year action plan in order to speed up the achievement of the MDGs.

In some areas, successes are striking: for example, significant progress has been made in the fight against hunger and in favor of education and health improvements in Ethiopia, Malawi, and Ghana, while in Egypt maternal mortality has decreased from 174 for 100 000 births to 5 for 100 000 births in 25 years.

However, many failures remain unacceptable: 26,000 children still die every day across the world. The main inhibiting factors are financial crises, climate change, price volatility, food speculation, unregulated urbanization, conflicts, and violence.

On the contrary, national appropriation and a genuine consensus amongst the population on development strategies have been identified as acceleration factors. Political will is required at all levels. We need to promote inclusive, sustainable, and equitable growth in terms of human development (life expectancy and school enrolment included). We must invest heavily in women education, since they have a strong impact on education and health issues, as well as in healthcare, water sanitation, education, social care foundations – including within the informal sector –, power supply in rural areas, and an increased mobilization of domestic resources.

Beyond 2015, it will be necessary to take into account a new typology of countries, as the distinction between developed and developing countries will no longer stand, and to insist on equity and the reduction of inequalities – since lack of equity and lack of sustainability are correlated. Finally, we will need to combine poverty alleviation, on the one hand, and climate change and environmental protection issues, on the other hand.

Lionel Zinsou, former UNDP consultant specialized in industrial policies in Africa, followed on the industrial development of these countries. He reckoned that companies were not included in the MDGs although many of them are willing to participate in their implementation and have enormous potential. A good example would be the Gates Foundation, whose budget is focused on three pandemics and equals that of the World Health Organization. Diasporas play an important role as well. In Africa, migrants' remittances are equivalent to official development assistance funds or investment transfer funds. The concentration of new and existing players is a recent development whose potential can only increase as a growing number of players enter the market.

Some leads should be explored:

- We must put an end to the complacency towards the informal sector in many developing countries. The size of the informal sector (80% in Benin in terms of added value) should not be considered unchangeable. It is unregulated capitalism. At present, it is very harmful to operate in the formal sector with respect to costs, taxes, extortion... Therefore we need positive incentives for people to switch to the formal sector, like in Rwanda. It will positively impact the health, employment, education, and fiscal situations.
- In addition, we always talk about investing; but how? Achieving the MDGs would require an increasing dependence on foreign political interference, which is an intolerable paradox. Developing countries should generate domestic income through taxation and increase tax collection, which requires switching to the formal sector.
- The MDGs only cover very capital-intensive activities: agriculture, which deals with hunger issues, is the most capital-consuming activity. To sell 100 worth of milk, one needs 150 in capital, whilst to transform milk and sell the processed product to achieve a turnover of 100 requires only 50 in capital. As one moves upstream, more capital investment is needed. Only the energy sector matches agriculture's capital intensity. Therefore, there is a real capital issue. Fortunately, banking – including the development of microfinance and savings – is progressing at full speed in these countries. We must encourage this financial revolution and keep seeking innovative financing all the while.
- Finally, we should involve companies in development strategies and encourage them to contribute independently of profit-driven incentives.

Serge Michailof said that the architecture of the MDGs has serious weaknesses which historically date back to the time when they were initiated. In the beginning, development assistance was essentially used to fight communism in the context of the Cold War and as a facilitator of the decolonization process. Then, faced with the debt crisis in the 80's, development assistance was misplaced in structural adjustment programs involving massive cuts in public spending, thus leading to social sectors being dismantled in the poorest countries. Awareness as to the unacceptability of this sacrifice rose amongst the public in the 90's. This materialized in the MDGs in 2000, which then focused on the social sectors to the expense of other important fields.

The objectives of extreme poverty alleviation will certainly be met and even exceeded, yet only through the Chinese and Indian economic growths. Global development assistance has increased, but the actual benefit to the poorest countries has not improved for 20 years and its current focus on social sectors is leading to the extremely questionable abandon of the backing of economic growth in the poorest countries.

The preference for social sectors was based on the premise that social progress generates economic growth; an assumption that has not been verified. In fact, economic growth is essential to support the increase in social expenditures which constitute the bulk of recurrent costs in a situation where developing countries do not want to become more and more dependent on international assistance. We can also wonder, given the international economic situation, how realistic the long-term commitments that have been made to finance increasing recurrent social costs can be. Indeed international taxation is still in its early stages and does not secure sufficient funding to cover these charges. Finally, we realize that the initial guideline which stipulates that the MDGs should be financed through various mechanisms is not met as traditional development assistance represents much of their funding.

In addition, we realize that fundamental problems such as water supply and institutional development have been completely neglected (as dreadful consequences unveil in Afghanistan). Agricultural development assistance has shrunk since the 70's: it only represents around 3 to 4% of international aid, while 75% of poor people depend on agriculture.

Finally, the MDGs suffer from design flaws: they are universal and thus largely unrealistic for many countries because they underestimate the time certain objectives require to be achieved. Countries that cannot reach some goals, such as universal education, should not be blamed automatically. Moreover, increasing the assistance to the poorest countries twofold is not necessarily a good thing. In some countries, official development assistance already amounts to 10% of the GDP. An additional increase might cause a Dutch disease to breakout and weaken the real economy. With respect to the implementation of the programs, widespread top-down approaches are unreliable as they conceal the necessity to create national institutions and do not last in the long run.

It is thus time to rethink the design of the MDGs. Economic growth needs to be placed back at the centre of development strategies and, in countries where this growth fails to be achieved, it is essential to finally secure funding for the transfers needed to cover the most pressing social needs by way of an international taxation system.

The architecture of the MDGs is still based on the attractive idea that it is possible to eradicate poverty without addressing political and institutional problems. Yet economic history shows that poverty reduction is not only a redistribution process but also requires economic growth, although growth now has to conform to environmental constraints. This growth requires political decisions that have been ignored in the MDGs' highly technical yet ultimately naive approach.

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